

IN THE UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS (DALLAS)

In Re:	)	Case No. 22-31641-mvl7
	)	Dallas, Texas
GOODMAN NETWORKS, INC., GOODMAN	)	
NETWORKS INC. D/B/A GOODMAN	)	
SOLUTIONS,	)	December 19, 2022
	)	9:33 a.m.
Debtor.	)	
	)	
-----	)	

TRANSCRIPT OF HEARING ON

MOTION TO CONVERT CASE FROM CHAPTER 7 TO 11. FEE AMOUNT \$922  
FILED BY DEBTOR GOODMAN NETWORKS INC D/B/A GOODMAN SOLUTIONS  
(133)

BEFORE THE HONORABLE MICHELLE V. LARSON

UNITED STATES BANKRUPTCY COURT

Transcription Services:	eScribers, LLC
	7227 North 16th Street
	Suite #207
	Phoenix, AZ 85020
	(973) 406-2250

PROCEEDINGS RECORDED BY ELECTRONIC SOUND RECORDING.

TRANSCRIPT PRODUCED BY TRANSCRIPTION SERVICE

1 APPEARANCES:

2 For the Debtor: MATTHIAS KLEINSASSER, ESQ.  
3 WINSTEAD PC  
300 Throckmorton Street  
4 Suite 1700  
Fort Worth, TX 76102

5 For the Debtor: DAVID W. PARHAM, ESQ.  
6 LAURA TAVERAS, ESQ.  
AKERMAN LLP  
2001 Ross Avenue, Suite 3600  
7 Dallas, TX 75201

8 For the Chapter 7 Trustee: DAVOR RUKAVINA, ESQ.  
9 THOMAS D. BERGHMAN, ESQ.  
MUNSCH, HARDT, KOPF & HARR  
500 N. Akard Street  
10 Suite 3800  
Dallas, TX 75201

11 For UMB Bank, National  
12 Association, as indenture  
trustee: ERIC A. SCHAFFER, ESQ.  
STONECIPHER LAW FIRM  
125 First Avenue  
13 Pittsburg, PA 15222

14 For FedEx Supply Chain  
Logistics & Electronics,  
15 Inc., creditor: CANDICE M. CARSON, ESQ.  
BUTLER SNOW LLP  
2911 Turtle Creek  
Suite 1400  
16 Dallas, TX 75219

17 ROBERT C. HILLYER, ESQ.  
ADAM LANGLEY, ESQ.  
18 GADSON W. PERRY, ESQ.  
BUTLER SNOW LLP  
19 6075 Poplar Avenue  
Suite 500  
20 Memphis, TN 38119

21 For Frase Protection, Inc., CANDICE M. CARSON, ESQ.  
creditor: BUTLER SNOW LLP  
22 2911 Turtle Creek  
Suite 1400  
23 Dallas, TX 75219

24

25



1 ROBERT C. HILLYER, ESQ.  
2 ADAM LANGLEY, ESQ.  
3 BUTLER SNOW LLP  
4 6075 Poplar Avenue  
5 Suite 500  
6 Memphis, TN 38119

7 For Alimco Re Ltd.,  
8 Creditor: PHILIP M. GUFFY, ESQ.  
9 PAUL SILVERSTEIN, ESQ.  
10 HUNTON ANDREWS KURTH, LLP  
11 600 Travis Street  
12 Suite 4200  
13 Houston, TX 77002

14 For ARRIS Solutions, Inc.,  
15 Creditor: LAURA E. SIXKILLER, ESQ.  
16 DLA PIPER LLP(US)  
17 2525 E. Camelback Road  
18 Suite 1000  
19 Phoenix, AZ 85016

20 RYAN J. SULLIVAN, ESQ.  
21 DLA PIPER LLP(US)  
22 303 Colorado Street  
23 Suite 3000  
24 Austin, TX 78701

25 For U.S. Bank National  
Association, as Collateral  
Agent: KATHLEEN M. LAMANNA, ESQ.  
SHIPMAN & GOODWIN LLP  
One Constitution Plaza  
Hartford, CT 06103

For HCL America, Inc.,  
Creditor: ADAM M. LANGLEY, ESQ.  
BUTLER SNOW LLP  
6075 Poplar Ave., Suite 500  
Memphis, TN 38119

For Glympse, Inc.,  
Creditor: ADAM M. LANGLEY, ESQ.  
BUTLER SNOW LLP  
6075 Poplar Ave., Suite 500  
Memphis, TN 38119

21  
22  
23  
24  
25



Colloquy

1 THE CLERK: Be seated.

2 THE COURT: Good morning, everyone. All righty. We  
3 have one matter on the docket today, which is case number 22-  
4 31641, Goodman Networks, Inc. and Goodman Networks. I'll take  
5 appearances on the record and I'll start with those in the  
6 courtroom.

7 MR. PARHAM: Good morning, Your Honor. David Parham  
8 from Akerman on behalf of the debtor, Goodman Networks. And  
9 also with me is Laura Taveras and Russ Nelms is in the  
10 courtroom and John Goodman is on WebEx.

11 THE COURT: Okay. Good morning.

12 MR. RUKAVINA: Your Honor, good morning. Davor  
13 Rukavina and Thomas Berghman, proposed general counsel to  
14 Scott Seidel, the Chapter 7 trustee. Mr. Seidel is also  
15 present in the courtroom.

16 THE COURT: Good morning.

17 MS. CARSON: Good morning, Your Honor. Candice  
18 Carson with Butler Snow LLP. My partners Adam Langley and Cam  
19 Hillyer are on the WebEx. Adam will be presenting the motion.

20 THE COURT: Thank you so much.

21 All right --

22 MS. CARSON: Apologies, Your Honor. Butler Snow  
23 represents FedEx Supply Chain Electronics -- Logistics and  
24 Electronics, Inc.

25 THE COURT: Okay. Thank you. Among others as I



Colloquy

1 recall.

2 MS. CARSON: Yes.

3 THE COURT: All righty. I'll now take appearances on  
4 WebEx.

5 MR. SILVERSTEIN: Good morning, Your Honor. Paul  
6 Silverstein and Philip Guffy from Hunton Andrews Kurth on  
7 behalf of the original petitioner creditors.

8 THE COURT: Good morning, Mr. Silverstein.

9 MS. SIXKILLER: Laura -- I'm sorry, Your Honor.  
10 Laura Sixkiller and Ryan Sullivan on behalf of ARRIS  
11 Solutions.

12 THE COURT: Good morning to you both.

13 MR. KLEINSASSER: Your Honor, Matthias Kleinsasser  
14 with Winstead PC on behalf of James Goodman individually.

15 THE COURT: Good morning, Mr. Kleinsasser.

16 MR. LANGLEY: Your Honor, Adam Langley with Butler  
17 Snow on behalf of FedEx Supply Chain Logistics & Electronics.  
18 And I'm just supplementing because Mr. Will Perry is also in  
19 here on behalf of FedEx as well.

20 THE COURT: All righty.

21 MR. SCHAFFER: Your Honor, Eric Schaffer for UMB  
22 Bank, the indenture trustee.

23 THE COURT: Good morning, Mr. Schaffer, and welcome  
24 to our court.

25 MR. SCHAFFER: Thank you.



Colloquy

1 THE COURT: I think I've already signed your pro hac.

2 MR. SCHAFFER: Yes, Your Honor.

3 THE COURT: Okay. Thank you.

4 Is there anyone else --

5 MS. LAMANNA: Good morning, Your Honor.

6 THE COURT: -- oh, I'm sorry. I'm sorry for  
7 interrupting. Please proceed.

8 MS. LAMANNA: Oh, that's all right. (Audio  
9 interference).

10 THE COURT: Okay. I've got a really bad connection.  
11 I can see it's Kathleen LaManna. Good morning. But I've got  
12 a -- I've had some problem with your audio. Could you try  
13 again?

14 MS. LAMANNA: (Audio interference).

15 THE COURT: We don't --

16 MS. LAMANNA: Your Honor, I represent -- I represent  
17 U.S. Bank as collateral agent.

18 THE COURT: Okay. Thank you. If you intend to  
19 participate substantively today, Ms. LaManna, we may have to  
20 address your audio. But for now, I was able to get your  
21 appearance and I thank you for that.

22 All righty. Is there anyone else who wishes to make  
23 an appearance this morning? All right. Hearing no further  
24 appearances, we are here today on the debtor's motion to  
25 convert from Chapter 7 to Chapter 11. I was able to review



Colloquy

1 the filings that were received over the weekend. Thank you  
2 very much for meeting that filing deadline. I am sure it was  
3 not easy to meet it on short notice. So I appreciate you  
4 doing so.

5 We were able to review your pleadings, at least --  
6 least three times. So I think we are ready to go today. Is  
7 there anyone -- is there anyone that has any concerns about  
8 proceeding today?

9 MR. PARHAM: No, Your Honor.

10 THE COURT: Okay. Thank you, Mr. --

11 MR. SILVERSTEIN: Your Honor, it's Paul Silverstein.

12 May I?

13 THE COURT: Of course.

14 MR. SILVERSTEIN: Thank you. We received, I think,  
15 either this morning or last night -- Mr. Guffy can correct  
16 me -- a witness and exhibit list from the debtor. Is that --  
17 was it last night?

18 THE COURT: There was one filed, yes. It was --

19 MR. GUFFY: Yes, it was last night.

20 THE COURT: Yeah.

21 MR. SILVERSTEIN: It was filed last night, several  
22 days late in accordance with the Court's rules. We were  
23 not -- we were not expecting this to be an evidentiary  
24 hearing, given the three business days notice so I just say  
25 that for the record. Had I known that Mr. Parham -- had Mr.



Colloquy

1 Parham filed his witness and exhibit list timely, I would have  
2 been there in person.

3 THE COURT: Okay. Well, I --

4 MR. SILVERSTEIN: So I don't know -- I don't know how  
5 to --

6 THE COURT: Well, okay, let's see. All right. Well,  
7 I --

8 MR. SILVERSTEIN: I'm not sure --

9 THE COURT: From a timing standpoint, obviously, when  
10 a hearing is expedited in the fashion that it was, I don't  
11 typically require the witness and exhibit list three days  
12 prior to the hearing. I do recognize that it was -- that it  
13 was filed last night. Of course, obviously, I gave responses  
14 until Saturday, which is certainly irregular.

15 MR. SILVERSTEIN: Your Honor, I thought we were  
16 dealing with two legal issues. One, whether a debtor's -- the  
17 former management of the debtor had standing once an order  
18 approving was entered and a trustee was appointed, number one.  
19 And number two, whether 706(a) of the Code is unconditional or  
20 absolute. I thought that there were two legal issues to be  
21 addressed, which is what we addressed in our briefs.

22 THE COURT: And I appreciate that. Again, from a  
23 witness and exhibit list standpoint, I'm now looking at the  
24 exhibit list that was filed by the debtor. 5 through 9 are  
25 pleadings. 4 is the docket. Number 3 is the engagement





Colloquy

1 letter, which I know that you guys have reviewed because  
2 you've referenced it in your papers.

3 MR. SILVERSTEIN: Yes.

4 THE COURT: Number 2 is a resume` of Mr. Nelms -- of  
5 Mr. Nelms', which I am sure that you're familiar with. And  
6 then, I think that number 1 is the shareholder agreement,  
7 which I believe was a question that was raised in the  
8 pleadings. So I don't think they've sandbagged you in any  
9 way. So -- but I --

10 MR. SILVERSTEIN: (Indiscernible).

11 THE COURT: -- I understand the issue on the legal  
12 issue versus the evidentiary hearing.

13 MR. SILVERSTEIN: Yeah. And again, I'm not  
14 suggesting at all that we were sandbagged with respect to  
15 exhibits. We know those exhibits. It's with respect to the  
16 witnesses is what I'm referring to.

17 THE COURT: Oh, okay. Mr. Goodman and Mr. Nelms?

18 MR. SILVERSTEIN: Yes.

19 THE COURT: Okay. Thank you, Mr. Silverstein.

20 MR. RUKAVINA: Your Honor, briefly --

21 MR. SILVERSTEIN: Thank you, Your Honor.

22 MR. RUKAVINA: I heard Your Honor now mention twice  
23 that there was a filing deadline. I think Your Honor  
24 mentioned Saturday. The trustee filed his objections Sunday  
25 around noon. I assure you Mr. Berghman and I scoured the



Colloquy

1 docket. We did not find any objection deadline. So if I need  
2 to orally move for leave, I do. I was away with my family for  
3 Christmas. Mr. Berghman was busy. But when we got this case  
4 from Mr. Seidel Friday, we did everything we can. So if there  
5 is leave needed, I would request leave.

6 THE COURT: No. No leave needed, Mr. Rukavina. I'm  
7 not sure if the deadline was in my minutes but if it wasn't,  
8 it was at a time when Mr. Seidel was -- had not been  
9 appointed.

10 MR. RUKAVINA: Thank you, Your Honor.

11 THE COURT: So again, we had an opportunity to review  
12 your pleading as well. So no need to apologize or for leave.  
13 Again, this was -- this was primarily set on today's notice  
14 because the creditors and the debtor had been leading up to  
15 this day for quite some time, albeit I'm sure the creditors  
16 will tell you on a different issue. It was primarily on the  
17 motion to dismiss. So at the prior hearing, after the debtor  
18 filed -- the order for relief was granted. The debtor filed  
19 its motion to convert. There was a great deal of issues with  
20 respect to whether or not A, the debtor had standing. B, the  
21 debtor had an absolute right. And I guess C, whether facts  
22 existed such that the debtor should not allow to be -- to  
23 convert, what I'll paraphrase as a futility argument.

24 MR. RUKAVINA: Then Your Honor, it does sound like  
25 our pleading is hopefully helpful, at least on A and B. And



Colloquy

1 then, as far as C, we'll have to defer to the creditors since  
2 we've just come in.

3 THE COURT: Fair enough. Thank you, Mr. Rukavina.  
4 Ms. Carson?

5 MS. CARSON: Oh, one -- one housekeeping matter, Your  
6 Honor.

7 THE COURT: Um-hum.

8 MS. CARSON: We received a communication from the  
9 court clerk that you would request hard copies at the  
10 beginning of the hearing.

11 THE COURT: Okay. Thank you.

12 MS. CARSON: May I approach?

13 THE COURT: Please. Thank you very much. Is this  
14 two sets?

15 MS. CARSON: Yes.

16 THE COURT: Okay. Thank you.

17 All righty. Here's my intention. My intention is to  
18 let the debtor make it's case today. As I've already said at  
19 the prior hearing, this is without prejudice to the creditors.  
20 If the Court were to convert at the close of the hearing, then  
21 it's without prejudice to allow the creditors to either move  
22 to reconvert or, again, after we see the debtor's case and the  
23 debtor's evidence, it may -- it may have bearing on how we  
24 proceed at the end of the day.

25 I appreciate and it was certainly laid out in each of



Colloquy

1 the creditor's objections that they would have liked more  
2 discovery. So I appreciate that and I hear -- and I hear the  
3 creditors in that regard. So with that, I'll allow for  
4 openings and then we'll proceed with the debtor's evidence.

5 Mr. Parham?

6 MR. PARHAM: Your Honor, we have --

7 THE COURT: Please.

8 MR. PARHAM: -- a file with two binders with evidence  
9 in them.

10 THE COURT: Thank you, Mr. Parham.

11 That pile's getting too big for you to reach over.

12 MR. PARHAM: Okay. Good morning, Your Honor, and  
13 under those ground rules, what I would like to do is I'll give  
14 a brief opening statement and also address the standing issue  
15 because I think that's germane at the beginning. And then,  
16 what I would like to do is reserve the bulk of our argument,  
17 with respect to cause depending on what the various  
18 petitioning creditors have to say. Because I'm not sure yet  
19 at this point exactly what allegations I'll need to rebut.

20 THE COURT: Okay.

21 MR. PARHAM: And certainly, I think that's a better  
22 way to proceed. Your Honor, pursuant to 706(a), either the  
23 debtor has a right to seek conversion -- the statute says the  
24 debtor may convert. And courts often in fact enter conversion  
25 orders even without hearings. And that's pretty standard



Colloquy

1 frankly in this district and I think probably across the  
2 country.

3 There is a court-created exception as the Court's  
4 aware for either cause or bad faith. And cause is defined as  
5 the factors in -- listed in 1112(b). And bad faith is defined  
6 in the Supreme Court case as conduct that is, for a typical  
7 debtor, extraordinary or extreme. So it's rare, frankly, that  
8 a motion to convert is denied. And importantly, in those  
9 cases where it is denied, there is always an element of post-  
10 order for relief conduct.

11 And in fact, in the cases you see in this district --  
12 I think in Judge Jernigan's case, the debtor had been in  
13 bankruptcy for two years in Chapter 7. And the debtor itself  
14 was incapacitated and there was question as to whether the  
15 spouse was capable of actually conducting the estate.

16 So there is this post-petition. And in this case,  
17 we've had a week since the order for relief was entered. And  
18 there are no allegations -- we haven't done anything. We  
19 haven't had -- so we think that on that basis alone, and as  
20 the Court looks at what I suspect is going to be the argument  
21 that comes behind, is going to all involve pre-petition  
22 activities. Activities that frankly will attribute to a prior  
23 CEO.

24 But there is no post-petition hook. And for that  
25 reason, and that reason alone, we don't think that the



Colloquy

1 exceptions for either cause or bad faith are applicable here.

2 With respect to the standing issue -- and I'll address that

3 briefly.

4 706(a) says the debtor may convert. It says the  
5 debtor. It doesn't say -- it doesn't make a distinction for  
6 an individual debtor. Debtor is defined in the Code as the  
7 person or municipality -- that's Section 101(13). A person --  
8 definition of person doesn't include the trustee.

9 By contrast, Section 323(a) does talk about the  
10 trustee being the person in charge of the estate. So that  
11 would include, for example, a debtor-in-possession. So I  
12 think the Code is clear that basically it is a right of the  
13 debtor to seek -- to seek to convert.

14 And even in the Tenth Circuit case cited by FedEx,  
15 the court there found the debtor had a right to seek to  
16 convert. They just found, and I'll address it in a second,  
17 that they lost that when a trustee was appointed subsequent in  
18 the case.

19 So there's, I don't think, any question but that the  
20 debtor had the right to seek to convert. And it makes no  
21 sense that that right, frankly, would be taken away by the  
22 appointment of a trustee. The notion -- and that's not been  
23 the practice in this district. I don't think it's been the  
24 practice in courts across the country.

25 In fact, in the Monarch case, the Supreme Court case



Colloquy

1 that's cited, you'll note that the trustee was an objective  
2 party. And obviously, courts have the obligation to consider  
3 standing and I think this Court certainly would have been  
4 aware of recent Supreme Court cases where the Supreme Court  
5 typically looks at standing. In that case, standing wasn't an  
6 issue -- wasn't -- in fact, in the Supreme Court, it was fine  
7 for the debtor to go forward on it's conversion issues and  
8 issues and the trustee to object.

9 The fact is -- I think where the distinction is, or  
10 may be, is that under 706(a), the debtor gets the right to  
11 convert. And it can't be that it's a race to a hearing. And  
12 that you only get that right if you can get to a hearing  
13 before the U.S. Trustee appoints an interim trustee and then  
14 you lose it. That literally makes no sense and that's the  
15 result that I think the creditors here are arguing for.

16 And I think it misses the point because in the Code,  
17 if you go to -- I believe it's Rule 6009 --

18 THE COURT: Um-hum.

19 MR. PARHAM: -- it talks about how a trustee or the  
20 debtor-in-possession has the ability to -- or is the  
21 authorized representative for actions for or against the  
22 estate. And this is not an action for or against the estate.  
23 This is -- it's not like this is a claim objection or it's a  
24 litigation or a state court litigation and that sort of thing.  
25 It's a question over what chapter. It's an administrative



Colloquy

1 issue. It's not an action against the estate.

2 And I think that's the distinction really that the  
3 court in the Tenth Circuit missed. And again, it's set up,  
4 frankly, an incredible -- an incredible scenario where  
5 literally it's a race. And if we would have had our  
6 hearing -- I forget if Mr. Seidel was appointed on Wednesday  
7 or Thursday.

8 THE COURT: Um-hum.

9 MR. PARHAM: If we had a hearing on Wednesday, I  
10 guess, or the day before he was appointed, there's no issue.  
11 It just can't be that you lose a right that the Code gives you  
12 because the U.S. Trustee acts and -- as it should -- and  
13 appoints a trustee.

14 So we think it's clear. We think the practice is  
15 clear. Even the cases that are cited to in the cause section  
16 by the -- by the objecting creditors here, the debtor's always  
17 involved as a party. And I don't think there's any question  
18 but that the practice in this district is not to relieve the  
19 debtor of it's ability to move to convert and to prosecute a  
20 conversion motion where -- in the case of the district court  
21 case, an appeal of an order -- because there's been a trustee  
22 appointed. It's just not the law and that's not the way that  
23 these things are handled.

24 So again, I guess to back -- just to kind of to  
25 recap. Our position is the debtor may convert. It is the





Colloquy

1 debtor. That right doesn't go away when there's an interim  
2 appointment of a trustee or interim trustee is appointed.  
3 There's no cause here. There's no post-order of relief  
4 conduct that can be pointed to that would give rise to taking  
5 that right away. Certainly, this is not a case where there's  
6 been a prolonged chapter proceeding where there've been  
7 misrepresentations to the Court, which you see in a lot of the  
8 cases where there's a denial. You know, there are issues with  
9 misrepresentations to the court or some other kind of post --  
10 post-conduct -- bad conduct by a debtor post -- post order for  
11 relief.

12 So you just don't see that here. It's just not  
13 existent. And to the extent that there are other -- there are  
14 pre-petition issues certainly in this case. I think in most  
15 cases, there are pre-petition issues that should not prohibit  
16 us from exercising the right to convert. And certainly to the  
17 extent that they're raised by the creditors, we would like the  
18 opportunity at the end of the day to -- or after their  
19 presentation, to address those.

20 And again, I would just point out as we go through,  
21 some of the allegations in the briefs in fact involve non-  
22 debtor entities, like the AMRR transaction, which was with  
23 GNET ATC, which is not a debtor here. So I question, even if  
24 you were going to look at pre-petition actions, which I don't  
25 think you can -- should -- without post-petition actions, it's



Colloquy

1 really kind of hard for me to see how an action with respect  
2 to -- that some subsidiary took, managed by people who are not  
3 managing the debtor today, would have any relevance towards  
4 the issue that we're talking about today.

5 So with that, I will sit down and then we'll call Mr.  
6 Nelms after the other parties --

7 THE COURT: Okay.

8 MR. PARHAM: -- have their say.

9 THE COURT: Thank you. All righty.

10 Mr. Rukavina?

11 MR. RUKAVINA: Your Honor, thank you and good  
12 morning. And I apologize if I don't know as much about this  
13 case my esteemed colleagues. But I think we'll make our  
14 arguments the same.

15 First Your Honor, this is not a motion to convert to  
16 Chapter 11.

17 THE COURT: Um-hum.

18 MR. RUKAVINA: This is a motion to convert to Chapter  
19 22. Let's be clear about that. They've had their chance.  
20 They've messed it up. All that remains is a liquidation. The  
21 question is, will insiders paying 900 dollars per hour to an  
22 independent director manage the liquidation? Or will an  
23 independent fiduciary, whom the creditors prefer and whom the  
24 Congress prefers, manage this liquidation? So let's not have  
25 a Chapter 22 here. Let's have a Chapter 7, as is appropriate.



Colloquy

1           Your Honor, we focus primarily on several legal  
2     issues that may be quasi-factual but are predominantly legal.  
3     First, this is a debtor out of the money by its own admission.  
4     It does not have standing. It has no standing to object to  
5     claims. It has no standing in the bankruptcy case. Now there  
6     is a caveat which is that Section 706(a) does talk about a  
7     debtor. So it may that Congress created an exception to  
8     standing where it gave a debtor, an insolvent debtor, standing  
9     to seek a conversion.

10           Of course, I think that 99.9 percent of cases that  
11     address this, address the case with an individual or consumer  
12     Chapter 7 debtor because that's really -- that's really the  
13     person that decides. Here we have a corporate debtor. We  
14     have a corporation that's governed by articles of  
15     incorporation and bylaws. Most importantly, if the debtor has  
16     standing under 706(a), then the question is who decides for  
17     the debtor whether to file a motion to convert?

18           As we've argued in our papers, and as I'll argue at  
19     closing, that person's the trustee. As the Supreme Court has  
20     made clear -- as the Supreme Court of Texas has made clear, a  
21     trustee displaces management. The trustee decides what the  
22     corporation does. For the same reason, Your Honor, under  
23     706(d), it is the debtor's burden to demonstrate that is  
24     eligible for relief under 109.

25           We argue that the debtor is not because Mr. Seidel



Colloquy

1 has not authorized it to file a Chapter 11 petition. We also  
2 argue that if the Court disagrees with us and Mr. Seidel  
3 doesn't make the decision, that the pre-petition management  
4 documents that would authorize a filing under Texas law have  
5 not been complied with. So the debtor does today have to make  
6 a prima facie case that it is eligible under Section 109,  
7 pursuant to Section 706(d), it will not be able to do so.

8 I think that's part of the conceptual problem that  
9 we're dealing with here from the debtor's perspective. The  
10 debtor would have this Court act as though we were still  
11 before the order for relief. We are not. This is now a  
12 Chapter 7 case, like any other Chapter 7 case, with an all-  
13 powerful trustee and with the Court having the final word on  
14 anything and everything that may happen.

15 As we briefed, the debtor had it's chance before the  
16 order for relief. It did not take it. So whether it's res  
17 judicata, whether it's just too late, or whether it's the  
18 trustee controls the decision for conversion, this is a  
19 Chapter 7 and it needs to stay a Chapter 7.

20 I'm sure that my colleagues will present the Court  
21 with all kinds of evidence as to why cause to immediately  
22 reconvert would be appropriate. I'll do my best by helping.  
23 I do believe that there has been a violation of the automatic  
24 stay, post-petition. We'll talk about that a little bit but I  
25 want to focus again on those corporate governance issues



Colloquy

1 because let's not forget this is a corporate Chapter 11  
2 debtor.

3 Your Honor, I'll point out as well, that my read --  
4 and this is not in my -- in my objection. Again, we didn't  
5 have a lot of time to prepare. My read of Rule 2002, in  
6 particular (a)(4), is the twenty-one days notice of this  
7 motion -- and the Court can modify the twenty-one days, but  
8 notice is required on all creditors and all equity holders.  
9 The certificate of service here references service by ECF  
10 only. I don't know if the debtor's going to supplement that  
11 today but there is no evidence -- no evidence that all  
12 creditors and all equity holders have been served with this  
13 motion or this notice of hearing.

14 That's a fatal defect. I don't know if that means a  
15 denial or if that means a continuance. Mr. Seidel will defer  
16 to the Court on that. But I want to say something else that I  
17 think might be of interest to everyone in this room, that  
18 might tie into the notice issue and a potential continuance.  
19 Mr. Seidel waived the debtor's privilege on anything and  
20 everything having to do with the involuntary filing, the  
21 motion, the retention of Mr. Nelms.

22 So it's all fair game. Let's see what happens.  
23 Let's see what the agreements are, what the representations  
24 are, what the intentions by the Goodman family are. Mr.  
25 Seidel, who unquestionably controls the debtor's privilege, at



Colloquy

1 least as of the end of December 12th, 2022, waived that  
2 privilege for those purposes.

3 Your Honor, that's all I have by way of opening. And  
4 whether now or at the end of opening, I'll also invoke the  
5 rule.

6 THE COURT: Okay. Thank you. In terms of invocation  
7 of the rule, we'll wait until the conclusion of oral argument.

8 Mr. Silverstein? You're on mute.

9 MR. SILVERSTEIN: I am now unmuted. Thank you for  
10 that.

11 THE COURT: You were on a roll there, though, I could  
12 tell.

13 MR. SILVERSTEIN: Yeah, I know. I clearly was on a  
14 roll. Your Honor, when we had the last status conference, I  
15 actually was not prepared to argue or deal with Section 706.  
16 And I made a -- I actually made a statement when I said I  
17 disagreed with FedEx's position on standing.

18 Having read the pleadings at least three times and  
19 having done the research over the weekend and in the days  
20 before the weekend, I think it's pretty clear that under  
21 706(a), once an order for relief is entered and a trustee is  
22 appointed, which was done properly by this Court and by the  
23 U.S. Trustee, the debtor does not have the authority to do  
24 anything under 706(a) because that former management -- or the  
25 former consultant, or the former shareholder, or the former --



Colloquy

1 or the shareholders who allegedly purportedly owned the  
2 debtor, are no longer in control of the debtor and they no  
3 longer have corporate authority under 706(a). They have  
4 standing under 706(b) but this is not a motion under 706(b).  
5 This is a motion under 706(a).

6 I think the trustees -- the interim trustee's  
7 counsel's comments were right on target, as were the comments  
8 that FedEx made in its brief. I think -- I think the debtor  
9 has no ability to do this once the order for relief is entered  
10 and once a trustee has been appointed. I think what's the so-  
11 called confusion here is that the practice in this court and  
12 many other courts is that when an involuntary position is  
13 filed, they're typically filed under Chapter 7 -- generally.  
14 I mean, I file them voluntary 11s but typically they're filed  
15 under 7s.

16 The debtor basically, very often, will immediately  
17 file a Chapter 11 petition or convert the case. And it's not  
18 often -- there's often not even a hearing on it. It's often  
19 automatic. This is not that situation. This was an  
20 involuntary position that was filed in September, three, four  
21 months ago. And the debtor has basically, for lack of a  
22 better word, rope-a-doped this for the last three or four  
23 months, and basically, raised nonsensical and dilatory  
24 objections to the petitioner creditor standing.

25 Your Honor will recall that we filed a motion for



Colloquy

1 partial summary judgment on one of the debtor's arguments as  
2 to why the petitioner creditors did not have -- were not --  
3 were over secured. The debtor then realizing that that was a  
4 loser argument, changed their story and they came up with  
5 a -- they concocted an argument that basically alleged that a  
6 litigation claim against an entity by the name of 18920, was  
7 worth par and there was no risk whatsoever in ever  
8 recovering -- I think, the what, fourteen million dollars or  
9 fourteen million dollars of that was conveyed to that entity.  
10 And that's a transfer that the debtor's done nothing  
11 whatsoever to try to reclaim, even though they say it's worth  
12 par.

13 So there's a lot of gamesmanship going on here that's  
14 basically geared by the Goodman family to retain control, even  
15 to the extent of post-petition, John Goodman paid himself  
16 450,000 dollars to be the consultant. My understanding -- and  
17 I don't -- we didn't get to fully develop the facts here  
18 because discovery was stopped by this suggestion by the debtor  
19 that they were going to convert the case, which they never  
20 did, for quite some time.

21 But he paid himself -- there was a probably new board  
22 of directors. It's not clear who the stockholders are. John  
23 Goodman puts 450,000 dollars in his pocket to be consultant,  
24 doing who knows what. I have no idea what -- we have no idea  
25 what he did and why he took that money but it's -- this whole





Colloquy

1 case from the pre-petition and post-petition is replete with  
2 insider transactions.

3 So it's -- you know, this is not a race as Mr. Parham  
4 suggested it was. I mean, the trustee displaces management  
5 and, frankly, the debtor's stockholders no longer have  
6 standing to make a motion under 706(a). But getting to 706(a)  
7 generally, even that standing issue aside, I think the case  
8 law is pretty clear, both from the U.S. Supreme Court in two  
9 decisions, from the Judge Jernigan decision that was affirmed  
10 on appeal, from the Judge Nelms' decision that was affirmed on  
11 appeal by Judge McBride, and I think Judge McBride is not a  
12 judge who is too easy on bankruptcy lawyers -- bankruptcy  
13 judges as I think everyone in this courtroom knows.

14 It's absolutely not an absolute right, number one.  
15 Number two, when there are grounds to convert the case to  
16 Chapter 7, which there are here, and which we have outlined,  
17 Federal Express has outlined, and ARRIS has outlined quite  
18 well in those pleadings, I believe. It's just an absurdity to  
19 suggest that the debtor, controlled by the Goodman family,  
20 somehow has a right to run this proceeding under the guise of  
21 having an independent director, namely former Judge Nelms, who  
22 by the terms of the documents themselves, is not in control.

23 And at Your Honor's suggestion, we had a conversation  
24 with Judge Nelms. It was a very good and candid conversation,  
25 try to understand where he was coming from and where things



Colloquy

1 stood. And one of the things we asked Judge Nelms, and I  
2 think we discussed this in our pleading was well, your  
3 engagement letter, Judge Nelms, says that you have the powers  
4 of a trustee. And we asked whether that meant he had -- did  
5 that mean that he had the powers of a trustee under Section  
6 1104 to which his response was no. It means obviously the  
7 debtor-in-possession. And he also looked at the corporate  
8 resolution, I think it's called a resolution, that was signed  
9 by various shareholders who may or may not be a majority of  
10 shareholders, we don't know that. It's been represented, I  
11 guess, that they do. It says, in no uncertain terms, that  
12 John Goodman shall retain his role as CEO/consultant, and  
13 that's not to be disturbed at all.

14 But back on the legal issue, I think the Supreme  
15 Court made the point best when -- and I think that was in Law  
16 v. Siegel -- when it said that the court is not required to  
17 engage in "futile procedural niceties in order to reach more  
18 expeditiously an end result required by the Code" namely that  
19 if we're going to end up back in Chapter 7 anyway, the notion  
20 of converting a case to Chapter 11 and then converting back  
21 makes absolutely no sense whatsoever. This is a liquidation.  
22 The debtor has no business. It does not operate. And what  
23 the debtor has is causes of action against the Goodmans,  
24 causes of action against others.

25 I think one of the things we pointed out in our



Colloquy

1 papers is that the debtors are -- seem to be -- the debtor  
2 seems to be taking the position now that Mr. Frinzi is really  
3 the bad guy and the Goodmans are really the good guys, which,  
4 you know, we've tried to develop as best we could based on the  
5 several -- we've had to take that that's really nonsense.  
6 Clearly, Mr. Frinzi is a bad guy and a bad actor, there's no  
7 question about that. But the Goodmans are way up there on the  
8 list. I think four million dollars was transferred to the  
9 Goodmans in various consulting fees and other things since, I  
10 think, during the last year if my memory serves me.

11 So our point is that the notion of this absolute  
12 right is just not true. It's not the law. I mentioned  
13 standing is not the law. But I think this case absolutely  
14 belongs in a Chapter 7, and the Goodman family simply cannot  
15 be allowed to have any control or influence over the debtor,  
16 which it does under the resolution that -- under which it put  
17 Mr. Nelms in. And frankly, one of the emails we received from  
18 the debtor -- I'm not sure when we received it, but we're --  
19 context basically is an email I believe from Mr. Parham to  
20 John Goodman, saying, got to get Nelms in there because it'll  
21 help defeat a trustee motion.

22 I mean, seriously, Your Honor, I mean, it's a bit of  
23 a game because to put in the respectable guy who's going to  
24 somehow recover for the bad guys -- and again, Mr. Nelms does  
25 not intend to recover for the bad guys, but Mr. Nelms is not



Colloquy

1 in control. He's not in control as an independent director.  
2 And frankly, we -- in the conversation with Mr. Nelms that we  
3 had last week, we were talking a little bit about the Highland  
4 Capital case. And in the Highland Capital case, three  
5 independent directors were appointed. It was Mr. Nelms, Mr.  
6 Dubell (ph.), and Jim Seary (ph.) were appointed independent  
7 directors. But they were not appointed independent directors  
8 by the debtor. They were appointed independent directors  
9 through negotiations with the committee, because otherwise a  
10 Chapter 11 trustee would have been appointed in that case, and  
11 thereafter, Mr. Seary, I think Your Honor remembers he was a  
12 Lehman Brothers fellow years and years ago before they went  
13 bankrupt. Mr. Seary ended up becoming CEO and that case has  
14 proceeded.

15 So the gamesmanship is just -- it's pretty  
16 extraordinary in this case, particularly in the context of a  
17 liquidation of a non-operating entity. There are no  
18 operations. There's no rehabilitation here. The secured  
19 creditors, my clients and the trustee and the collateral agent  
20 are likewise here. We obviously -- we have to marshal some  
21 of -- we have to marshal our collateral. And then there are  
22 obviously causes of action against various people that we're  
23 going to have to deal with, and among those people are the  
24 Goodmans and their cohorts, as well as Mr. Frinzi and others.  
25 So it just sort of defies logic to suggest that the Goodmans



Colloquy

1 somehow can continue in at least -- in any sort of control  
2 over this proceeding.

3 As we said the other day, we'd be very happy -- all  
4 the respect to Mr. Seidel who we don't know, but we hear good  
5 things about -- we'd be happy to have Mr. Nelms as the  
6 permanent Chapter 7 trustee. But the arrangement set up by  
7 the Goodman family does not give him the independence and the  
8 duties and the obligations that a Chapter 7 trustee would  
9 have.

10 In fact, one of the issues here, like in other cases,  
11 is that there's an obligation for a trustee to make criminal  
12 referrals to the U.S. Attorney. That may be important in this  
13 case, okay? And that's well -- that is definitely, definitely  
14 not within Mr. Nelms' authority here. The engagement allows  
15 John Goodman, in no uncertain terms, to remain in a management  
16 role; it's unacceptable. As I said, there's four million  
17 dollars in transfers to the Goodman family, including the  
18 450,000 dollars paid to John Goodman so he can provide  
19 management services to a company with no business operations?

20 I'm not going to go over everything we've listed in  
21 our objection; Your Honor can see it. Your Honor can see the  
22 ARRIS objection, Your Honor can see the FedEx objection.  
23 There's a lot of meat in there. As far as the evidentiary  
24 issues, the information that we have that we put in there as  
25 exhibits, we got all that information from the debtor. So I



Colloquy

1 think that certainly goes a long way in terms of the  
2 credibility of the information generally.

3 And as I said before, we've heard a lot about James  
4 Frinzi, about the debtor's claims against him, and the  
5 debtor's plans to go after him, and that's great. We agree  
6 he's a bad actor, but he wasn't the lone gunman here, to use a  
7 bad expression, particularly in a Dallas -- in a Dallas  
8 setting, so I apologize for that.

9 I think that the Goodmans or the debtor or the  
10 debtor's stockholders, whoever they are, are saying, well,  
11 everything is fine because everything bad happened  
12 pre-petition. And again, we submit that not -- that  
13 everything bad happened post-petition also because of the  
14 debtor's dilatory tactics, the debtor's payment to Mr.  
15 Goodman, and the debtor's actions. And a trustee is here  
16 already, an order for relief has been entered.

17 The stockholders, as I said -- and I'm being  
18 repetitive and I apologize for that -- don't control the  
19 debtor. The debtor can't -- the debtor's stockholders can't  
20 go out now and sign a contract that would bind the debtor.  
21 The debtors can't go out now and take a loan. The debtors  
22 can't take corporate action now because the stockholders  
23 don't -- I'm sorry -- the stockholders can't do that now, or  
24 Mr. John Goodman, as a consultant/CEO, can't do that now  
25 because he's no longer in control of the debtor. Which goes



Colloquy

1 back to the 706(a) standing issue that I mentioned earlier,  
2 that I was mistaken about at the status conference, but I've  
3 now really read and understood, and absolutely agree with  
4 FedEx and others.

5 And I think that -- I think -- well, let me just also  
6 add that, again, if Mr. Nelms was a Chapter 11 trustee, that  
7 wouldn't be the worst outcome here. But here, in a Chapter 7  
8 case, I mean, there's no need for a committee here. There's  
9 no business to reorganize here; the debtor has no business.  
10 We're liquidating, and there are liquidation -- there are  
11 litigation claims against many individuals, including the  
12 Goodmans. You don't need a Chapter 11 case for that.

13 And so I think our papers are pretty fulsome papers  
14 which had a lot of information in them, and I don't really  
15 think I have anything more to add unless Mr. Guffy or Mr.  
16 Clark, who I think is on, tells me that I'm missing something.  
17 They're probably telling me that I should've stopped five  
18 minutes ago.

19 THE COURT: Mr. Guffy, Mr. Clark, anything to add  
20 other than to tell your partner to zip it?

21 MR. GUFFY: I think Mr. Silverstein said it well,  
22 Your Honor.

23 THE COURT: Thank you, Mr. Guffy. All right.

24 And thank you very much, Mr. Silverstein.

25 Mr. Langley?



Colloquy

1 MR. SILVERSTEIN: Thank you for (audio interference).

2 THE COURT: You're welcome.

3 MR. SILVERSTEIN: (Audio interference).

4 MR. LANGLEY: Good morning, Your Honor.

5 THE COURT: Good morning.

6 MR. LANGLEY: Adam Langley, Butler Snow, on behalf of  
7 FedEx Supply Chain Logistics & Electronics, Inc. And I'm just  
8 going to say FedEx like everybody else because I think that's  
9 easier.

10 Your Honor, there are two issues here that we have  
11 briefed. The first is the standing issue, and I'd like to  
12 take that up first because I think it makes sense to address  
13 that jurisdictional issue first.

14 The C.W. Mining case was brought up pretty  
15 significantly in our last hearing. We've done additional  
16 research. The Eleventh Circuit has just recently reaffirmed  
17 that, as of June 2022 in In re Bear Creek Trail, LLC, 35 F.  
18 449 -- excuse me, F.4th 1277, that's in our brief as well.  
19 And then we've also learned, as of this morning actually, that  
20 the Fourth Circuit has essentially adopted the same rule in  
21 the In re Public-Sector Solutions, Inc. case, which was 602 F.  
22 App'x 929. And that does reference to an affirmance of the  
23 district court opinion that also relied on C.W. Mining. So  
24 from a standpoint of case law, we have the C.W. Mining, which  
25 is a Tenth Circuit decision; the Bear Creek Trail, which is a





Colloquy

1 Tenth Circuit decision; the Public-Sector Solutions was a  
2 Fourth Circuit decision.

3 And quite frankly, I didn't hear any citation from  
4 Mr. Parham as to his position of any authority, other than  
5 local practice, is what he is relying on. Again, nothing in  
6 the record from a case law or from any, just procedural  
7 actions in the Northern District of Texas to support his  
8 position. And we would suggest that this position from C.W.  
9 Mining, Bear Creek, and this Fourth Circuit case are well-  
10 reasoned. And they're well-reasoned because they're  
11 substantially based on the Weintraub case out of the Supreme  
12 Court, which dealt with the attorney/client privilege after a  
13 Chapter 7 case was commenced and an appointment of trustee was  
14 had.

15 And very clearly, Weintraub, which has been affirmed  
16 by the Fifth Circuit as applying not only to corporations, but  
17 to partnerships, in Campbell 73 F.3rd 44 -- that that case  
18 holds that after a Chapter 7 order for relief and an  
19 appointment of trustee -- which both elements now have been  
20 met in this case -- former management is completely ousted  
21 from managing the debtor, and that makes sense in a Chapter 7  
22 case.

23 And I know Mr. Parham and the debtor's former manager  
24 are unhappy about that, but they had every opportunity to get  
25 in here and file a Chapter 7 petition -- or excuse me -- file



Colloquy

1 a Chapter 11 petition voluntarily for months -- quite frankly,  
2 for years, as they have been dissipating assets during that  
3 time period. And I would suggest that the Tenth Circuit, the  
4 Fourth Circuit, and the United States Supreme Court, and the  
5 logic that's been applied throughout the Fifth Circuit, is  
6 based on Section 323 which does refer to the estate, so the  
7 trustee is representing the estate; we don't dispute that.

8 But Rule 6009, actually, is broader than Mr. Parham  
9 indicated. And if you look at Rule 6009 it says, "With or  
10 without court approval, the trustee or debtor-in-  
11 possession" -- here we have a trustee -- "may prosecute or may  
12 enter an appearance and defend any pending action or  
13 proceeding by or against the debtor". It goes on, "or  
14 commence and prosecute any action or proceeding in behalf of  
15 the estate before any tribunal."

16 So Rule 6009's very plain that it is the trustee that  
17 is acting in any proceeding by the debtor after the order for  
18 relief. And so it's not just 323 of the Code that says the  
19 trustee is acting for the estate, but Rule 6009 actually  
20 builds upon that, and says the trustee is acting for the  
21 debtor after the order for relief and the appointment of the  
22 trustee. So we think there's both co-basis; we think there's  
23 a Rule basis; we think that the Supreme Court case in  
24 Weintraub is analogous. We think that's consistent with how  
25 C.W. Mining, Bear Creek, and the Fourth Circuit, and the



Colloquy

1 Public-Sector, all decided the issue. And so we think there  
2 is not only just a little case law, we think there is  
3 overwhelming case law, statutory support, and Rule support for  
4 this. And we heard nothing from the other side to suggest  
5 that there's any basis in the law, fact, or any otherwise to  
6 substantiate what he's done.

7 Now, I understand that the Fifth Circuit in In re  
8 Martin, prior to the Marrama decision, had different practices  
9 that were done and were handled. And that officially changed  
10 after Marrama specifically overruled the Fifth Circuit's  
11 Martin decision and changed practice in the Fifth Circuit,  
12 including the Northern District of Texas.

13 And that gets into the second issue, but before we  
14 get to the second issue, I think it would be helpful to talk  
15 about what authority we're talking about. So the C.W. Mining  
16 case, I think, it does it really clearly. It says the debtor  
17 clearly has standing to move under 706(a). There's no doubt  
18 that the debtor has standing to move under 706(a). The  
19 question is, who is the debtor? With an individual, that's  
20 very plain. The individual debtor has personal rights that  
21 are guaranteed under the United States Constitution, and those  
22 rights can't be divested from that debtor.

23 But with an inanimate entity, like a corporation in  
24 Weintraub or a partnership in Campbell -- the Fifth Circuit  
25 case -- those inanimate entities only can act through agents.



Colloquy

1 That's fundamental state law. I saw on the trustee's brief,  
2 it cited the FISMA case. That's a Fifth Circuit case where it  
3 says you have to go through the correct procedural niceties to  
4 have authority to file a Chapter 11 bankruptcy petition in  
5 that case. And if you don't meet the state law requirements,  
6 you don't have the authority to file, therefore, you don't  
7 have the ability to prosecute a Chapter 11 case.

8 And here, I would suggest there's two authority  
9 issues that defeat this motion to convert. The first is the  
10 one that's been very plainly put before you. Mr. Seidel is a  
11 Chapter 7 trustee, he controls the debtor under Rule 6009 and  
12 Bankruptcy Code 323. We think only his authority is what can  
13 cause the conversion, and that's -- should end it. And we  
14 think that's actually been done.

15 We cited a case in this district, I think it was the  
16 ARRIS case. It's a long opinion, but essentially, there, it  
17 was the Chapter 7 trustee that moved to convert a Chapter 7  
18 case to Chapter 11, where there was very good cause to convert  
19 it because there was an operating business. There were assets  
20 that needed to be managed under a Chapter 11 scheme which is  
21 beneficial in serving context, but not every context. Here,  
22 we would suggest that's not what's happening. The Chapter 7  
23 trustee, who has the authority to convert, is opposing the  
24 conversion. So we would say that's the first basis for  
25 authority. The trustee is opposing it. The trustee is the



Colloquy

1 only one that controls the 706(a) right.

2 The second issue, we would say, is does the debtor,  
3 acting through Mr. Parham or Mr. Nelms or Mr. Goodman, even  
4 have authority? And that's a question we simply can't answer  
5 based on what we got in the pre-order for relief discovery.

6 I would suggest, Your Honor, if you'd turn to Exhibit  
7 15 that we submitted. That is the sworn interrogatory  
8 response, where we asked them to identify all the officers,  
9 directors, and board members, and I believe, maybe even  
10 managing agents of the debtor. And they did not identify a  
11 single person as having authority to act after September 4th,  
12 2022. The idea that the Goodmans were controlling this --  
13 they all are indicated, except for John Goodman, who is blank  
14 on the date he started and the day he was terminated. The  
15 remainder of the Goodmans were all, purportedly, out of this  
16 by December 31st, 2021. Yet, as you saw by the papers that  
17 were submitted by all the parties including the debtor, I  
18 believe, intends to set -- or the debtor, through Akerman,  
19 intends to provide -- Mr. Nelms' employment today was,  
20 purportedly, on the signature of all the Goodmans and this new  
21 entity that we -- was not even disclosed here, this MBE Group  
22 entity that we didn't have any awareness of until all Mr.  
23 Nelms' papers started being produced after the status  
24 conference last week.

25 So we have a question -- the authority of the debtor



Colloquy

1 to act apart from the trustee, we don't think that can happen.  
2 But we think there are extremely complicated issues of  
3 corporate law that haven't been followed here, such that Mr.  
4 Parham's client can act for the debtor, even if you could find  
5 that they could act for the debtor. So we think there's a  
6 duplicitous issue here of -- they don't act because they're  
7 not the trustee.

8 And B, they don't act because they don't have clear  
9 authority under state law to act for the debtor in that  
10 context. This may be why they didn't file a Chapter 11  
11 voluntary petition for the all the months that they had the  
12 opportunity of (sic), because they couldn't figure out who had  
13 corporate governance right.

14 And indeed, in the 30(b)(6) testimony of Mr. Konicov,  
15 who was a 30(b)(6) designee for both CFGI, for Goodman  
16 Networks, and GNET -- and that was all represented by Akerman  
17 in those three depositions where he used 30(b)(6). He  
18 couldn't identify any board meetings, any minutes, any types  
19 of actions, other than at one point, John Goodman became in  
20 control; he didn't have a basis for that. Before that, it was  
21 James Frinzi, the CEO, that order (indiscernible) now --

22 MR. KLEINSASSER: I'm going to object to this, Your  
23 Honor.

24 MR. LANGLEY: -- and again (indiscernible) --

25 MR. KLEINSASSER: Excuse me. I'm going to object to



Colloquy

1 this because this deposition testimony is not admissible in  
2 evidence. It violates Rule 32. It's also hearsay, Your  
3 Honor. There's no exception that applies. I understand that  
4 Mr. Langley is probably going to say he's just making  
5 argument. When it's testimony repackaged as argument, it's  
6 not admissible.

7 So I'm going to respectfully ask that the Court  
8 either rule as to whether is this admissible or not or ask him  
9 to confine his statements to pure argument and not former  
10 testimony, Your Honor. And I'm happy to explain the basis, if  
11 you'd like, for why this is inadmissible hearsay and why it  
12 also violates Rule 32, Your Honor.

13 MR. SILVERSTEIN: And I would join in that objection,  
14 Your Honor.

15 THE COURT: Okay. So Mr. Kleinsasser, please explain  
16 to the Court the basis for your objection of why it can't be  
17 used in argument, given, again, this is not an evidentiary  
18 portion of the hearing.

19 MR. KLEINSASSER: Yeah. So I -- just to clarify,  
20 Your Honor, I'm not saying that the mere fact that someone  
21 raises a contested fact is necessarily violating the rule  
22 against using evidence that's inadmissible. I mean, the Mr.  
23 Silverstein argued his portion of this, I thought was totally  
24 appropriate, for example, right? But when you're literally  
25 sitting here saying this guy testified this, this guy



Colloquy

1 testified that, and it's a deposition that's not admissible, I  
2 think that's plainly backdooring in evidence that shouldn't be  
3 before the Court. The reason that it's not admissible is that  
4 the deposition was terminated; there was no cross-examination.

5 In order to use a deposition in a court proceeding,  
6 you have to comply with Rule 32, Your Honor. Rule 32  
7 requires, among other things, that the deposition may be used  
8 to the extent it would be admissible under the Federal Rules  
9 of Evidence if the deponent were present and testifying.

10 Well, under 611 there's a rule -- there's a right to cross-  
11 examination, number one. Cross-examination never happened in  
12 the deposition. So if that witness were here today, there'd  
13 be an opportunity to cross-examine him. That wasn't case.

14 Second, Your Honor, it's hearsay. The exception for  
15 former testimony in a deposition proceeding under the hearsay  
16 rule -- under Rule 804, requires the declarant, among other  
17 things, be unavailable. There's been no showing that the  
18 declarant is not available here, so the bottom line is it's  
19 inadmissible hearsay. It also violates Rule 32, and I don't  
20 think it's appropriate for it to be -- for the purported  
21 evidence of that deposition to be specifically referenced in  
22 argument.

23 THE COURT: Okay. Thank you, Mr. Kleinsasser. And  
24 before I turn to Mr. --

25 MR. KLEINSASSER: Thank you.





Colloquy

1 THE COURT: -- Mr. Langley for a response, who  
2 terminated the deposition?

3 MR. PARHAM: Your Honor, the deposition was  
4 terminated, I believe, by everybody because the order for  
5 relief was entered. And so the whole purpose of the discovery  
6 was to determine the qualifications of petitioning creditors.  
7 And once the order for relief was entered by the Court, which  
8 happened in the course of the -- early on, frankly, in the  
9 course of the deposition, there was no reason to go forward  
10 with it.

11 THE COURT: So it's an agreed termination?

12 MR. GUFFY: Your Honor, may I? This is Philip  
13 Guffy --

14 THE COURT: Well, let Mr. Parham --

15 MR. GUFFY: -- from the original petitioning  
16 creditors. We --

17 THE COURT: -- answer my question, and then I'll turn  
18 to you, Mr. Guffy.

19 MR. PARHAM: I believe it was terminated by the  
20 agreement of all parties, is my understanding.

21 THE COURT: Okay. Thank you, Mr. Parham.  
22 Mr. Guffy?

23 MR. GUFFY: Yes, Your Honor. We were conducting the  
24 deposition at the time. The counsel for the debtor who was  
25 appearing was Andrea Hartley, and Ms. Hartley requested that



Colloquy

1 the deposition be terminated in light of the order for relief.

2 And we did not oppose that, we consented to the termination.

3 THE COURT: Thank you very much, Mr. Guffy.

4 Appreciate that. All right.

5 MR. RUKOVINA: Your Honor --

6 MR. SILVERSTEIN: And Your Honor, if I may? When Mr.  
7 Guffy says we "consented to the termination", I think the  
8 better word is that we acceded to counsel's request. Given  
9 the circumstances, it -- I don't want you to read too much  
10 into the fact that we consented to -- we didn't, at that  
11 point, argue over terminating it, but the debtor requested  
12 that it be terminated. That's what happened.

13 THE COURT: Thank you, Mr. Silverstein.

14 Mr. Rukovina?

15 MR. RUKOVINA: Briefly, Your Honor, to the extent  
16 that the trustee has any say in this matter, his say is as  
17 follows. This is a corporate rep deposition of the debtor.  
18 The trustee now owns that. The trustee waives any rights  
19 under Rule 32. It is now the debtor that is trying to prevent  
20 its own deposition from being used again. That's a right that  
21 Mr. Seidel controls, and he waives it.

22 I'll also add that my friend and colleague, Mr.  
23 Kleinsasser, I don't believe has filed any papers. Maybe he  
24 has, in which case, I apologize. But if he hasn't, then I  
25 don't think his objection on hearsay or otherwise is



Colloquy

1 meritorious.

2 MR. KLEINSASSER: Yeah. And that -- I have to  
3 disagree with that, Your Honor. My client is a creditor for a  
4 number of reasons with the debtor. At this point, of course,  
5 it's considered a no-asset case, nobody's filed a claim in  
6 this case. So during the prior contested matter which really  
7 just went to the -- whether an order for relief was  
8 appropriate. Of course, my client was a non-party to that  
9 particular contested matter, but as of this time, he's a  
10 creditor just as much as any creditor that would have a claim  
11 disputed or not in this proceeding, whether we're talking  
12 about ARRIS or FedEx or whatever. So I do have a right to be  
13 heard. I am making an objection.

14 And again, even if Rule 32 could be waived, it's  
15 still inadmissible hearsay. The declarant is not on --  
16 there's no showing he's unavailable, which is the requirement  
17 for a former testimony. It was actually not a corporate rep  
18 of the debtor, it was a corporate rep of an entity called  
19 CFGI. And the debtor certainly did not authorize the  
20 witness -- I don't -- to my knowledge, at least, to testify on  
21 that subject -- or that particular question.

22 So again, there's no cross-examination, the  
23 deposition has never even been signed. I was actually  
24 excluded from the deposition. So I just think is  
25 inappropriate way to backdoor in evidence that should not be



Colloquy

1 before the Court at this time.

2 MR. SILVERSTEIN: Your Honor, it's Paul Silverstein.

3 Not to belabor the point, but CFGI was a 30(b)(6) witness  
4 designated by the debtor.

5 MR. GUFFY: That's what I was going to say, Your  
6 Honor, this was a deposition that we noticed and that we were  
7 taking at the time that it was terminated. We noticed this as  
8 a deposition -- a 30(b)(6) deposition of the debtor, Goodman  
9 Networks, Inc. Mr. Konicov, who works for CFGI, the debtor's  
10 financial advisor, was put up as the corporate rep for Goodman  
11 Networks on most of the topics that were on our notice of  
12 deposition. Included in that list of topics was the  
13 management, the officers, and directors of the debtor. So  
14 that was a topic that was specifically noticed under 30(b)(6),  
15 and Mr. Konicov was put up by the debtor as the 30(b)(6)  
16 witness for that topic.

17 THE COURT: Thank you, Mr. Guffy.  
18 Mr. Langley?

19 MR. LANGLEY: Yes, Your Honor. Sorry, I didn't  
20 intend to have an administrative dispute in opening  
21 statements, but we'll take it as we may. The Konicov  
22 deposition was a 30(b)(6) deposition of the debtor, of GNET,  
23 and of CFGI. We don't know why the debtor and counsel  
24 designated him for three different entities when they're all  
25 separate entities and there's potentially competing claims and



Colloquy

1 conflicts of interest that have been asserted by the debtor,  
2 but they did that.

3 And that's what they did, and Mr. Kleinsetter (sic)  
4 was not a party to that. His client, James Goodman, who has  
5 got his hands all over these different businesses is not a  
6 party to this. I'm not sure -- they haven't filed papers, so  
7 I'm not sure how they have the right to even object to the  
8 entry of evidence where it's the debtor's right, here -- where  
9 the trustee controls that. If you want to -- for argument's  
10 sake, if Mr. Parham had chose that, he's not the one so moving  
11 here, maybe he's going to now, but Mr. --

12 THE COURT: He did, he joined. And you may have not  
13 have heard it --

14 MR. LANGLEY: He joined? Okay.

15 THE COURT: -- but he joined in Mr. Kleinsasser's  
16 objection.

17 MR. LANGLEY: Okay. We would argue, though, that  
18 this was a deposition under 30(b)(6). It was a debt properly  
19 designated for three different entities. Under Rule 32(a)(3)  
20 we can use that for any purposes. It was concluded at the  
21 request of the debtor's counsel, Akerman, acting for, again,  
22 all three of those entities. And so we did consent after the  
23 order for relief because we thought all these were mooted --  
24 all these questions were mooted.

25 Could they have cross-examined us or allowed the



Colloquy

1 deposition to continue? Absolutely, but they requested it be  
2 terminated, it was terminated. We have a signed, certified --  
3 excuse me -- it's certified, and the signature on that was  
4 waived, so it is a full deposition transcript that is -- can  
5 be admitted for any purpose under Rule 32(a)(3).  
6 Alternatively, we would argue under (a)(4)(d) of Rule 32 that  
7 the witness is not unavailable. This was scheduled on four  
8 business days, we got our brief filed late on Friday, others  
9 got it on Saturday. We did not have opportunity to subpoena  
10 Mr. Konicov or anything other party in advance of this  
11 hearing, so I would say that it is unavailable. And for  
12 purposes of this ex parte hearing, we should at least be  
13 allowed to use a deposition that was done under Rule 30(b)(6)  
14 for three different entities that the debtor put forth. It's  
15 our only opportunity because everything else was cut off.

16 THE COURT: Okay. Thank you, Mr. Langley. Not  
17 exactly sure how it's an ex parte hearing, but we'll move past  
18 that.

19 Again, as this -- as it concerns whether or not to be  
20 able to use allusions to a deposition transcript in an opening  
21 for purposes of the standing argument -- the 706 argument that  
22 the parties have been arguing this morning, the Court is going  
23 to overrule Mr. Kleinsasser's objection, in part due to  
24 32(a)(3) which does allow a 30(b)(6) transcript to be used for  
25 any purposes. I can only assume that those purposes would



Colloquy

1 include argument. Again, if we were taking evidence at this  
2 juncture, I'll allow the parties to reserve their objections.  
3 But again, for argument purposes, I think that Mr. Langley is  
4 well within his rights to quote from the transcript.

5 Mr. Langley, please proceed.

6 MR. LANGLEY: Yes, Your Honor. Before we got  
7 interrupted, we were talking about the second idea of  
8 authority. Not that the trustee controls authority, but  
9 that -- did the debtor, presumably acting through the former  
10 management, even have authority at this point in time -- and  
11 to employ Mr. Nelms and Mr. Goodman.

12 And from the transcript, it was very clear that James  
13 Frinzi was employed at the time that Mr. Konicov and CFGI got  
14 involved, which I believe was sometime around November or  
15 December 2021. At that point, they represented -- he  
16 represented only James Frinzi, who controlled these entities.  
17 And then sometime around September, that ended and John  
18 Goodman somehow became in control. There was no disclosure of  
19 James Goodman, there was no disclosure of Joseph Goodman,  
20 there was no disclosure of Jason Goodman, there was no  
21 disclosure of Jonathan Goodman. None of those were disclosed  
22 as acting and having authority. There was no disclosure of  
23 MBE Group which is in the -- again, in the papers that were  
24 presented on Judge Nelms.

25 So we have real questions whether any of those



Colloquy

1 persons had authority to even hire John Goodman, pursuant to  
2 the consulting agreement or Judge Nelms, pursuant to his  
3 engagement. And so we think there's a double basis that they  
4 lacked authority and that they didn't follow the corporate  
5 formalities under state law to get Judge Nelms or John Goodman  
6 employed. And we think that the trustee also is now the  
7 acting agent after the order for relief and its appointment.  
8 So that's a dual basis that we assert, that there's a lack of  
9 authority and therefore a lack of standing under 706(a).

10 I want to be clear, when we're saying 706(a), we are  
11 not asserting they couldn't move under 706(b). They most  
12 certainly have authority to do that, and we just think that  
13 that is a hopeless cause. And the reason they're fighting so  
14 hard to be under (a) is because -- it is correct, the burden  
15 is on the objecting parties to show cause under the Marrama  
16 standard. Whereas under 706(b) the burden is on the movant to  
17 demonstrate that there is a cause to convert to Chapter 11.

18 So we would have a complete evidentiary burden shift  
19 if we moved to Section 706(b). And given the fact that  
20 they've admitted there is no ability to reorganize, it pretty  
21 much defeats their ability to show cause under 706(b). So  
22 that's why they were proceeding so aggressively under 706(a)  
23 is there is no ability to move under 706(b) given the fact  
24 that they've already admitted there is no ability to  
25 reorganize. And so what we're left with, is there an absolute





Colloquy

1 right to convert under 706(a) if Mr. Parham's client does have  
2 the authority to so move under 706(a)?

3 And that has been a rule, conclusively, under  
4 Marrama, that 706(a) which was an issue in a Chapter 13 case  
5 with this exact same provision, whether it's Chapter 12,  
6 Chapter 13, or Chapter 11. That was conclusive that there is  
7 a bad-faith exception to 706(a) and the courts have all looked  
8 at it since and said yes, we could read this as having an  
9 absolute right. And I think the Marrama court even  
10 acknowledged that there is, upon a surface reading, an  
11 absolute right to convert. But each of the courts that have  
12 held since Marrama have said that absolute right, while it  
13 does appear from the language, is not what the Marrama court  
14 held.

15 And Jacobson follows that and says yes, there is  
16 perceivably an absolute right here, but it's equivocal. There  
17 could be -- given 105(a), given 706(d), given the Court's  
18 inherent rights to police conduct in this Court, there is an  
19 equivocal situation where this could be read -- though it's  
20 absolute, the Court has inherent equitable powers under  
21 105(a), its own rights, and in 706(d) to determine whether  
22 this is something that should be in Chapter 11 and whether it  
23 otherwise is an abuse of process or whether it's just a futile  
24 exercise with procedural niceties that we convert and have to  
25 immediately convert back and we spend a lot of money, a lot of



Colloquy

1 time, a lot of effort.

2 We would suggest, given the Marrama case and the  
3 Jacobson case, that this should stay here. And we had some  
4 discussion at the status conference over local practice, and  
5 we have gone to some good length to at least try to identify  
6 everything locally that has occurred. We identified the  
7 Foster case which was the Judge McBride case that affirmed  
8 Judge Nelms. So we don't think there's a good faith basis  
9 now, with Judge Nelms involved with the debtor's counsel to  
10 assert that there's an absolute right. They have essentially  
11 conceded that this morning when they acknowledged that there's  
12 a cause element that has to be proven.

13 We also cited, too, the -- I apologize -- the  
14 Breakwell case, which was a Judge Kinkeade decision affirming,  
15 I believe it's -- is it Judge Jacobson? We've attached the  
16 transcript there in our evidence. Both of those cases looked  
17 at it and said hey, these are hopelessly insolvent companies.  
18 They have no business assets. They have no ability to do  
19 anything except pursue causes of action. And here, we're  
20 talking about causes of action against the very people that  
21 would be put in control if this was converted to Chapter 11.

22 And I would turn you to Exhibit 4 that we are going  
23 to submit later. But for just purposes of argument, they  
24 listed, as of October 31st, 2022, the assets that remain in  
25 this company and it's a pretty remarkable list. For cash, it



Colloquy

1 was to be determined. They couldn't even figure out what the  
2 cash balance was that existed post-petition. They then  
3 identified -- there is a restricted cash of 4.7 million, but  
4 that restricted cash is limited by a -- the bank that's  
5 holding it as collateral for another related party obligation,  
6 which, pursuant to the Konicov deposition, was a Genesis  
7 entity that is owned by James Goodman. So perceivably, this  
8 four-seven million is subject to actions between the Goodmans  
9 already. So there's going to be an issue for the trustee to  
10 look at as to what to do with that 4.7 million, and that  
11 asserted restrictions that have been placed on it by James  
12 Goodman.

13 Next, there is a Goodman Telecom Holding preferred  
14 unit that's listed as three million, but the book value,  
15 through testimony, was eight million. That is a transfer of  
16 significant assets of the debtor to a John Goodman owned  
17 entity, Goodman Telecom Holdings. Remarkably, there's an  
18 eight-million-dollar callable note that they have identified  
19 here as preferred units, and we haven't seen the details on  
20 that. But presumably, that note could be called immediately,  
21 and immediately due; it has not been done so. Instead, John  
22 Goodman, when he's in control here in October 31st, 2022, has  
23 decided that it's not fully collectible. So how do we re-  
24 insert John Goodman with any type of control in a Chapter 11  
25 case when he's asserting he can't even collect against his own



Colloquy

1 entities? That's a real issue. That's something the Chapter  
2 7 trustee doesn't have that same conflict of interest.

3           Next, we move down to a three-million-dollar  
4 receivable that has written down from the 6.6 million that's  
5 apparently due. The United Field Services -- I've heard it  
6 said Unified Services Field Services, Inc. I'm not sure how  
7 to say it given the testimony we've had, but we do know that  
8 that entity is owned by entities that are related to James  
9 Goodman. And so again, that's -- that was significant assets  
10 that were transferred from the debtor to Unified Field  
11 Services, that now are being -- purportedly, the full  
12 consideration cannot be paid. And then James Goodman is not  
13 going to track down and chase his own assets in a Chapter 11  
14 case. So we have real concerns with, again, the Goodmans  
15 facing the Goodmans. That same concern -- that same conflict  
16 of interest does not exist with a Chapter 7 trustee.

17           The next one is a 13.5-million-dollar claim to 18920  
18 11th, LLC. This only became an asset after this involuntary  
19 case was filed when they admitted, essentially, that there was  
20 13.5 million in cash and other assets that had been  
21 transferred at some point in time, just shortly before the  
22 petition was filed in 2022. So those, they are now admitting  
23 was a fraudulent transfer. They're putting the blame on James  
24 Frinzi. I think the evidence that we'll put forward later  
25 will very clearly indicate the Goodmans had control over James



Colloquy

1 Frinzi, they had knowledge of what he was doing, and that any  
2 effort to make him the scapegoat is, frankly, done as a  
3 litigation strategy, and not due to facts.

4 We could turn to the next page. They've got two  
5 entities that they represent don't have boards -- that haven't  
6 had boards. That the evidence we'll put forward later --  
7 evidence is that they -- the CEO of these entities didn't have  
8 independent spending power. And they are trying to create and  
9 isolate liability at these entities because they're  
10 essentially defunct. And what they're saying is that there  
11 was forty-four million dollars transferred to AMRR. That's a  
12 loan receivable; it's never been paid. There's a collection  
13 concern on that. That's again James Frinzi. There's other  
14 issues regarding intercompany and inability to describe cash  
15 balances that are at issue here.

16 I'm an accountant. And I won't pretend to be an  
17 expert accountant, here, but at least, looking through my  
18 glass accounting eyes, this is alarming. This is  
19 extraordinarily alarming. It's the type of issue that I want  
20 investigated as the attorney for FedEx with an eighty-  
21 something million dollar claim. We need these detailed  
22 investigations to occur. If the Goodmans are involved in the  
23 investigation, there will be obfuscation here. And we're  
24 concerned that they will not adequately represent the estate  
25 and the creditors.



Colloquy

1 And we believe that Mr. Seidel and the attorneys he's  
2 employed are fully capable of administering what is a Chapter  
3 7 liquidation. And they will investigate this under 704.  
4 They will go through all the motions to make sure that the  
5 Goodmans do not run away with assets or have not run away with  
6 assets without it being properly adjudicated before Your  
7 Honor.

8 And I think that's what FedEx and the other creditors  
9 are really interested in here. Not whether this is a Chapter  
10 7 or 11 case, but that the merits on these avoidable transfers  
11 or fraudulent transfers or whatever they end up being, be  
12 administered and pursued by an independent fiduciary, like a  
13 Chapter 7 trustee.

14 And that's what we're essentially asking for here is  
15 that a Chapter 7 trustee, not a dishonest but maybe  
16 unfortunate, debtor be able to do that in a Chapter 11 case.  
17 And we respect Judge Nelms, I have nothing to suggest that he  
18 would be acting in bad faith in a Chapter 11 case. I'm not  
19 going to even pretend to make that argument.

20 THE COURT: Appreciate that.

21 MR. LANGLEY: But we do have concern that he wasn't  
22 granted authority to act as a Chapter 11 trustee. And that  
23 the Goodmans still play a role in this and they haven't  
24 relinquished the reins. And a independent director is only  
25 good as the independence he's given, and here it wasn't given.



Colloquy

1 So we don't have any concerns with Judge Nelms. We just have  
2 concerns with the Goodmans continuing to play games, the  
3 Goodmans continuing to have their hands in this, and the  
4 Goodmans continuing to take advantage of the laxity regarding  
5 corporate formalities that existed pre-petition, post-  
6 petition, pre-order for relief, and post-order for relief.

7 And the evidence that we'll put forward will indicate  
8 that persons on behalf of the debtor, after the petition was  
9 filed, were filing pleadings in courts, were sending payments  
10 to creditors, trying to prevent them from joining in this  
11 case. So there were post-petition transfers that were  
12 involved here, that weren't authorized. They were attempting  
13 to settle with those creditors.

14 So there will be significant evidence we can put  
15 forward to demonstrate that there have been post-petition  
16 transfers that are preferential to certain creditors and not  
17 other who were fighting them, like FedEx, like ARRIS, like the  
18 original petitioning creditors, and those. And that's  
19 antithetical to bankruptcy. This is a estate that needs to be  
20 administered for the right of all creditors.

21 And Mr. Silverstein and Mr. Guffy and my client may  
22 end up having intercreditor disputes later on. We can deal  
23 with that in a Chapter 11 -- Chapter 7 context. And we can  
24 deal with that if that comes up, we may not. I don't know  
25 what this case is going to hold, but what I think we do need



Colloquy

1 is somebody with an independent mind, like a Chapter 7  
2 trustee, to be able to marshal evidence, to be able to marshal  
3 claims, to be able to examine those claims, to bring those  
4 claims. And absent that, we have real disputes that are going  
5 to be fought with the debtor in a Chapter 11 case.

6 If the Court has any inclination to make this under  
7 Rule 1001, speedy, just, and inexpensive, Chapter 7 is where  
8 this needs to be. If we're put in Chapter 11, the disputes  
9 that you've seen pre-petition pre-order for relief will  
10 continue in a Chapter 11 case because we have to defend our  
11 rights, we have to have organize committees, we have to do all  
12 the things that Chapter 11 creditors have to do that they  
13 don't have to do in a Chapter 7 case because a trustee is  
14 doing it on their behalf.

15 And so that's a huge issue that we would like to do,  
16 is we would like to relinquish the reins. We'll continue to  
17 monitor the Chapter 7 trustee to the extent we need to. But  
18 we don't want to have to push all these claims and advance  
19 them on our own and incur significant costs in a Chapter 11  
20 fighting a plan, fighting whatever actions are taken that we  
21 aren't going to pretend to hypothetically know. But we do  
22 know that this is more properly situated in a Chapter 7 case.  
23 We assert again, Marrama, Jacobson, the Foster case, and the  
24 Breakwell case, all suggest that this Court should not go  
25 through an exercise of futility of procedural nicety. This





Colloquy

1 Court should keep it where it belongs, in a Chapter 7 case,  
2 and we would ask you to do that.

3 THE COURT: Thank you very much, Mr. Guffy.

4 Ms. Sixkiller?

5 MS. SIXKILLER: Yes, Your Honor. ARRIS joins the  
6 opening statements of original petitioning creditors, and  
7 FSCLE, as well as the opening comments and statement of the  
8 interim trustee presented through his proposed counsel.  
9 Because we've had such extensive opening statements so far, we  
10 don't intend to add anything else at this time.

11 THE COURT: Thank you very much, Ms. Sixkiller.

12 MS. SIXKILLER: You're welcome.

13 THE COURT: I appreciate the brevity. Although, I --

14 MS. SIXKILLER: We figured you might.

15 THE COURT: -- I certainly enjoy the back and forth,  
16 but I appreciate the brevity when it's called for. Thank you  
17 so much.

18 Mr. Schaffer, anything to add to what I'll loosely  
19 call the standing argument by way of opening this morning?

20 MR. SCHAFFER: No, Your Honor, nothing to add. Thank  
21 you.

22 THE COURT: Okay. Thank you, Mr. Schaffer. In Price  
23 is Right parlance, I think Mr. Schaffer just said, one dollar.  
24 I'm old. I'm sorry.

25 All righty. Is there anyone that I'm missing?



Colloquy

1 Ms. LaManna, would you like to make any opening  
2 statements this morning? I will take that as a no. All  
3 righty.

4 All righty. If there's anyone on the phone that  
5 wishes to make any comments by way of opening statement,  
6 please press star six to unmute.

7 Okay. Well, it is 10:53. I think that we're going  
8 to take a ten minute convenience break. And when we come  
9 back, I will hear from the debtor in rebuttal with respect to  
10 the legal argument on standing. And I'll also hear from the  
11 debtor with respect to the service issues, and then we'll  
12 proceed thereafter. All right?

13 So again, 10- -- about 10:54, we'll return -- my math  
14 is horrible. Let's say, we'll return at 11:10.

15 THE CLERK: All rise.

16 (Recess from 10:54 a.m. until 11:10 a.m.)

17 THE CLERK: All rise.

18 THE COURT: Please be seated. Thank you very much  
19 for your patience. We will go back on the record in case  
20 number 22-31641, Goodman Networks, Inc.

21 All righty. I think that when we left everyone had  
22 made, essentially, an opening argument with respect to  
23 standing. I'll now turn back to the debtors for rebuttal.

24 I won't bury the lead. Given the lack of service of  
25 the motion to convert, I'm not sure that it would be



Colloquy

1 appropriate for the Court to do an evidentiary hearing today.  
2 I'll hear from the debtor in that regard, but that's where I'm  
3 leaning at this juncture. But I don't believe that that means  
4 that I couldn't -- I couldn't rule upon the -- again, what  
5 we've loosely called the standing argument.

6 So again, I'm going to go to the debtor first with  
7 respect to rebuttal. Ms. Taveras.

8 MS. TAVERAS: Good morning, Your Honor.

9 THE COURT: Good morning.

10 MS. TAVERAS: I'll first address the legal arguments  
11 and then turn to notice issues, if that's okay with the Court.

12 THE COURT: Please.

13 MS. TAVERAS: Section 706(a) is clear; the debtor may  
14 convert. It does not say the trustee. It does not say  
15 individuals only. It does say debtors. Section 303(23)(b)  
16 defines the roles on responsibilities of a trustee. Trustee  
17 is not given the title of debtor. If we turn -- here it is  
18 Goodman Networks that is the debtor. It is Goodman Network  
19 that continues to be the debtor, throughout the entire case  
20 Goodman Networks will be the debtor.

21 If we look at the Supreme Court case cited, we really  
22 have to look at the issue that it deals with, and it's a --  
23 it's a privilege issue, and it directly relates to a trustee's  
24 capacity to manage the estate. And the Code specifically  
25 notes that its decision aligns with the careful design of the



Colloquy

1 Bankruptcy Code. The Bankruptcy Code states it is the debtor  
2 that has the right to move for conversion.

3 If we look at the cited cases, the Tenth Circuit case  
4 particularly, the court explicitly holds that before a trustee  
5 is appointed control of the corporation remains vested in its  
6 managers. That court cites to another Tenth Circuit Court  
7 case, Bartman (ph.), and in that case the court distinguishes  
8 that a trustee had not been appointed, and that is why the  
9 court heard that appeal. That is also the case here, a  
10 trustee had not been appointed by the time that the motion to  
11 convert was filed.

12 Ultimately, the creditors are arguing that it was  
13 this Court's intention to deny debtor's rights to seek  
14 conversion when it entered the order for relief. Debtor would  
15 posit that that is not the case, nor was that the Court's  
16 intention.

17 I think we also should look at 341(d) because it  
18 makes that distinction of trustee and debtor. 341(d) says,  
19 the trustee will examine the debtor. If we follow the  
20 trustee's reasoning, and the creditors' reasoning through  
21 341(d) it leaves no room for the debtor.

22 I think the Code, throughout, also makes various  
23 distinctions between the rights that it reserves for  
24 individuals versus the rights that it reserves for  
25 corporations. And in Section 706(a), that distinction is not



Colloquy

1 made about creating a difference between an individual debtor  
2 and a corporate debtor.

3 And unless Mr. Parham has additional information I  
4 will turn the floor to him.

5 THE COURT: Thank you, Ms. Taveras.

6 MS. TAVERAS: Thank you.

7 MR. PARHAM: No, Your Honor, Ms. Taveras, I think,  
8 summarized our position on a standing fine. There's no --  
9 there's just no distinction in 706. And this whole notion  
10 that somehow you have a right -- that if a trustee gets  
11 appointed somewhere along the way you lose that right, it  
12 stands all these cases on their head. The Breakwell case, I  
13 think, had been, what, two years in Chapter 7 before there was  
14 a motion to convert, and still the debtor was able to pursue  
15 it. And the same thing for -- in Foster you have a trustee.  
16 So it's established practice in this district, and I think  
17 across the country. And this notion that somehow you're  
18 divested of that right just isn't the case.

19 With respect to notice, I mean we noticed everyone  
20 that we could, I mean given how fast things were moving. And  
21 I would argue that certainly the opposition view that this  
22 should not be a Chapter 11, is more than adequately  
23 represented among the parties in this court. I mean they  
24 have -- I don't know what anyone else, if they didn't get  
25 notice, would add to it but certainly we're here for a robust



Colloquy

1 hearing on the issue. Like again, at that point in time in  
2 the case there was no matrix, and it was -- I think we filed  
3 our motion like an hour after the order for relief was  
4 entered.

5 THE COURT: Okay. Thank you very much, Mr. Parham.

6 MR. RUKAVINA: May I briefly reply, Your Honor?

7 THE COURT: Yes, you may, Mr. Rukavina.

8 MS. TAVERAS: I'm sorry, Your Honor.

9 THE COURT: Ms. Taveras, uh-hum.

10 MS. TAVERAS: They had a full hour to put on their  
11 opening statement, we had five minutes. To the extent that  
12 there is anything else to address, I think we've sufficiently  
13 covered the grounds of the nature of this hearing.

14 MR. RUKAVINA: I was going to point out, Your Honor,  
15 that they filed the creditors list at docket 58 on November  
16 9th, they didn't serve it, so they know who their creditors  
17 are. And I was going to point out that they need to present  
18 evidence of corporate authority.

19 THE COURT: Thank you very much, Mr. Rukavina.

20 Is there anyone else who wishes to be heard again  
21 solely with respect to the argument issue on standing?

22 MR. SILVERSTEIN: Your Honor, very, very briefly if I  
23 might. We're not arguing that the debtor doesn't have  
24 standing. What we're arguing is who controls the debtor,  
25 that's the argument.



Colloquy

1           So obviously when you read the statute it says  
2   debtor, but the question is who controls the debtor. Is the  
3   debtor controlled by its former management, or by its  
4   stockholders who purport to have authority, or not. That's  
5   really the principle question. Thank you.

6           MR. PARHAM: And, Your Honor, we were going to  
7   address that in the evidentiary section.

8           THE COURT: Um-hum.

9           MR. PARHAM: Because with the consent and with Mr.  
10   Nelms' testimony.

11           To answer Mr. Silverstein's question, the person in  
12   control of the debtor right now is Mr. Nelms who has been  
13   appointed in that capacity by the -- by the shareholders of  
14   the corporation. The exhibit that was introduced dealt with  
15   officers and directors. The consent was a shareholder  
16   consent, not an officer and director consent. And so that is  
17   an issue that certainly we can clear up -- we're going to  
18   clear it up in evidence. But if we're going to have an  
19   argument I can clear it up as argument.

20           There's no question here about the consent of the --  
21   of the shareholders to appoint Mr. Nelms, and Mr. Nelms to  
22   decide to file the motion to convert. We've covered the  
23   corporate side of it. It just -- we were going to present  
24   that as part of the evidence on the issue, so I'll make it as  
25   part of the argument if that's where we are here.



Colloquy

1 MR. RUKAVINA: Well, Your Honor, I think that --

2 THE COURT: Thank you, Mr. Parham.

3 MR. RUKAVINA: -- that's my argument, Your Honor,  
4 that Mr. Parham should put on his evidence as to corporate  
5 authority.

6 THE COURT: I understand. Okay.

7 All righty. Here's what we're going to do, I will  
8 allow the -- I will allow the debtor to move forward on the  
9 issue of, let's just say, who controls the debtor. We've  
10 called it standing, we've called it who controls. I mean  
11 we've argued about -- I mean we've -- I've heard argument on  
12 this in a number of different ways.

13 As I said, to the extent that we get to that portion  
14 of the argument on what I'll loosely call a futility argument,  
15 or a cause for conversion argument, then I'm going to continue  
16 that portion of the evidentiary hearing. There's been no  
17 service of any parties that I can see on the docket. I think  
18 that, notwithstanding the Court's expedition, there is no  
19 reason not to have served any creditors at all in -- excuse  
20 me, in accordance with 2002(a)(4). So the Court will not  
21 proceed on the -- on the evidentiary portion as it revolves  
22 around the creditors' arguments of no rehabilitative purpose,  
23 the issues of the pre- or post-petition transactions that the  
24 creditors allege lack merit, or require investigation in some  
25 way, and things of that nature. Again, given the lack of





Colloquy

1 service, the Court is going to continue those particular  
2 issues in any event -- and which will also serve to remedy the  
3 creditors' due process concerns, and the concerns over a lack  
4 of discovery.

5 I think at the last status conference Mr. Langley  
6 asked for sixty to ninety days. I'm not willing to go out  
7 that far, but I am willing to give the parties a few more  
8 weeks, again, as it relates to those types of arguments.  
9 Because I'm not sure that this case, and these parties would  
10 benefit from doing this twofold.

11 So with that the Court will give the debtor  
12 opportunity to put on its evidence today with respect to the  
13 control of the debtor -- who controls this debtor day to day.  
14 And then at the conclusion of evidence, if the Court is  
15 prepared, I'll address standing. And if not, the Court will  
16 probably be in a position to give bench ruling this week no  
17 matter what, again, on that narrow legal argument.

18 Okay. With that, Mr. Parham.

19 MR. PARHAM: Yeah, Your Honor, we call Mr. Nelms.

20 THE COURT: All righty.

21 MR. RUKAVINA: Your Honor, will recall I've invoked  
22 the rule, please.

23 THE COURT: Okay. All right. Are there any other  
24 witnesses?

25 MR. RUKAVINA: Mr. Goodman, I believe.



Colloquy

1 THE COURT: Okay. Mr. Goodman, if you could just --  
2 You won't need to be sworn in, sir.

3 Mr. Goodman, if you'll disconnect for me. And then  
4 when and if you're called, sir, we'll take a break to  
5 allow Counsel to contact you.

6 MR. GOODMAN: Okay. I will disconnect. Thank you.

7 THE COURT: Okay. Thank you, Mr. Goodman.

8 Any other concerns, Mr. Rukavina?

9 MR. RUKAVINA: Your Honor, no. I'm sure that Mr.  
10 Kleinsasser will not be discussing evidence to his client.

11 THE COURT: I'm sure of it.

12 All righty, please be seated.

13 Again, it's very awkward, former Judge Nelms is an  
14 officer of the court, and so there's -- I'll dispense with the  
15 swearing in.

16 DIRECT EXAMINATION

17 BY MR. PARHAM:

18 Q. Mr. Nelms, could you state your name for the record?

19 A. Russell Nelms.

20 Q. Okay. And if you could, Mr. Nelms, could you give us  
21 some of your background, please?

22 A. Yes, I graduated from law school in 1978. I had been --  
23 I had gone to undergrad on an Army program, and law school as  
24 well on a different Army program, and I had a commitment to  
25 the United States Army after I got out of law school. So from



Russell Nelms - Direct

1 1978 to 1982 I was a prosecutor, and a defense counsel, and  
2 chief of military justice in the Army.

3 From there I went to Carrington Coleman, 1984. I went  
4 immediately into their bankruptcy section, and worked with  
5 Carrington Coleman for the next twenty years, for the last  
6 sixteen of those years, I think, as a partner.

7 I was called to the bench in 2004, I was a United States  
8 Bankruptcy Judge for Fort Worth. And I served in that  
9 capacity from 2004 to the end of my tenure in November 2018.

10 After 2018 -- I retired in 2018, and at that time I have  
11 worked, I guess, on the fringes of the legal practice, the  
12 bankruptcy world. I haven't really practiced law. But I have  
13 served in the capacity as an independent director in cases, a  
14 liquidating trustee, an independent manager, a plan  
15 administrator, and I have conducted mediations.

16 Q. Okay. And, Mr. Nelms, when were you contacted about this  
17 particular engagement?

18 A. Get the date straight here. It wasn't -- well, let's  
19 see. It was, I guess, about ten days ago. It was on a -- I  
20 believe it was on a Thursday when I was contacted you -- by  
21 you, Mr. Parham. And you encouraged me to get in touch with  
22 John Goodman. No, I think you called me on a Wednesday. You  
23 called me on a Wednesday. I spoke with Mr. Goodman on a  
24 Friday, two days later. And we spoke, we had some  
25 communications over the weekend, I sent them an engagement



Russell Nelms - Direct

1 letter.

2 And on Monday -- it was the same day that the Court  
3 entered its order for relief. I -- my engagement letter was  
4 signed that day, and my -- and a retainer was placed with me  
5 on that day.

6 Q. Okay. And let me ask you, Exhibit -- ask you to turn to  
7 Exhibit -- let me see here. Exhibit 3, I believe. Our  
8 Exhibit 3.

9 A. Yes.

10 Q. And that is your engagement letter?

11 A. Yes, it is.

12 Q. Okay. And pursuant to that engagement letter, paragraph  
13 3, can you review it, please?

14 A. See -- ask that question again, please? Okay. Paragraph  
15 3?

16 Q. Um-hum.

17 A. Okay. Yeah, typically speaking, in an engagement letter  
18 I set forth my responsibilities that I have --

19 Q. Um-hum.

20 A. -- to, kind of, define the scope of my engagement.

21 I went back to Title 11, and looked at specifically  
22 Chapter 11. And ultimately I just decided that, in essence,  
23 what this paragraph does, it takes the Bankruptcy Code and  
24 attaches to my engagement letter. Just intended that -- that  
25 my responsibilities would be those of a debtor-in-



Russell Nelms - Direct

1 possession --

2 Q. Uh-hum.

3 A. -- pursuant to Title 11.

4 Q. Okay.

5 A. That was my thinking.

6 Q. Okay. And so you would, I guess, have very broad  
7 authority under your engagement letter, correct?

8 A. I would have the -- all of the powers, and duties, and  
9 responsibilities of a debtor-in-possession; that's correct.

10 Q. Okay. And those would include, I assume, authorizing  
11 filing the motion to convert.

12 A. It would, yes.

13 Q. Okay. And did you authorize the filing of the motion to  
14 convert?

15 A. I did.

16 Q. Okay. Exhibit 1 is -- can you identify -- well, let  
17 me -- first of all, let me offer Exhibit 3.

18 THE COURT: Is there any objection to the admission  
19 of Exhibit 3? Hearing no objection, Exhibit 3 is hereby  
20 admitted.

21 (Russell Nelms Engagement Letter was hereby received into  
22 evidence as Debtor's Exhibit 3, as of this date.)

23 Q. Okay. And, Mr. Nelms, could you identify Exhibit 1?

24 A. Yes, Exhibit 1 is the written consent of the voting  
25 shareholders in lieu of a meeting which was executed by the



Russell Nelms - Direct

1 shareholders whose names appear on this document. It was  
2 executed on December the 12th.

3 Q. Okay. And are you familiar with this document?

4 A. I'm sorry, say again?

5 Q. Are you familiar with this document?

6 A. I am familiar with the document, yes.

7 Q. Okay. And, in fact, were you given an opportunity to  
8 review it prior to its execution?

9 A. I did. I -- I did review this prior to its execution.

10 Q. Okay. Now this document is the consent of shareholders,  
11 correct?

12 A. That's correct.

13 Q. Okay. And so earlier on there was a comment from FedEx's  
14 counsel about Exhibit 15.

15 THE COURT: Mr. Parham, make sure that it's being  
16 picked up by the mic.

17 MR. PARHAM: I'm sorry. Oh, be close to the mic?

18 THE COURT: Yes.

19 MR. PARHAM: I'm sorry.

20 THE COURT: Make sure that your comments are close to  
21 the microphone. Thank you.

22 MR. PARHAM: Okay.

23 Q. Now, let me show you the Exhibit 15 (indiscernible) FedEx  
24 (indiscernible) --

25 A. Okay.



Russell Nelms - Direct

1 Q. And let me ask you, does that exhibit speak to  
2 shareholders at all?

3 A. This particular exhibit, as I'm reviewing it, reflects --  
4 it appears to reflect board positions -- not board positions  
5 but -- well, CFO positions, executive chairman -- it tends to  
6 indicate officers, it appears to me. It doesn't appear to  
7 address share ownership.

8 Q. Okay. Thank you. And there is a difference between a  
9 director, is there not, and a shareholder?

10 A. Yes, that's correct.

11 Q. Okay. So in the instant case, let me -- let me ask you,  
12 your -- under your authorities that you were given pursuant to  
13 the consent which authorize you to be a -- retained you as a  
14 director, correct?

15 A. Yes.

16 Q. Okay. And you've talked a little bit about your powers  
17 in that capacity. Would you view that as also the ability to  
18 investigate -- to conduct investigations into these various  
19 pre-petition transactions referred about?

20 A. Well, not just the ability, but the duty and  
21 responsibility to do so.

22 Q. Okay. And is that something you're prepared to do?

23 A. Yes.

24 Q. Okay. And in taking this -- taking on this role, you  
25 understood that there were going to be issues such as that,



Russell Nelms - Direct

1 and might, in fact, even be issues -- well, let me just ask  
2 you, are you prepared, if necessary, to investigate the  
3 Goodmans?

4 A. Yes.

5 Q. Okay. And have you had the opportunity to investigate  
6 any of these pre-petition transactions, or even the  
7 post-petition transactions we've heard about?

8 A. Not really, no.

9 Q. And why is that?

10 A. Well, as I say the first substantive contact I had with  
11 the case was on a Friday, my retention was on a Monday. And I  
12 think I -- I think that the Court entered its order for relief  
13 about twenty minutes after my engagement letter was signed.  
14 So at that point I just went into, kind of, maintain status  
15 quo mode.

16 Q. Okay. Now, you did participate in a conference with Mr.  
17 Silverstein, and the other counsel for the petitioning  
18 creditors?

19 A. I did.

20 Q. Okay. And one of the questions that came up was, well,  
21 can the shareholders just fire you if they don't like what  
22 you're doing.

23 A. Correct.

24 Q. Okay. And is your view -- what is your view on that?

25 A. Well, the engagement letter itself is silent with respect





Russell Nelms - Direct

1 to that. My position would be that I don't think that just --  
2 I can be served with a notice of termination, and that the  
3 shareholders have the right to terminate me. And that absent  
4 my agreement with them that if I wanted to just leave, that's  
5 one thing, but if I oppose it, I -- I think I'd have the right  
6 to come to this Court, and take and -- and contest my alleged  
7 termination.

8 Q. Okay. And if the -- if an order of relief was entered  
9 and the case was converted to Chapter 11, would you be  
10 applying for Court approval of your retention?

11 A. Yes, certainly given the contentiousness of things,  
12 already up to this point I think that's the -- I think that's  
13 the best thing to do for everyone concerned.

14 Q. Okay. And any issue regarding whether you could be  
15 dismissed by the shareholders without Court approval could be  
16 handled in the retention order; could it not?

17 A. Yeah, it could be, yes.

18 Q. Okay. Let me ask you, you've had an opportunity to visit  
19 with Mr. Goodman since your retention, correct?

20 A. I have, yes.

21 Q. Okay. And what is your views in terms of whether or not  
22 he should be involved in the management of this company going  
23 forward?

24 A. Well, at this point I -- I've had just a few  
25 conversations with Mr. Goodman. Number one, I happen to like



Russell Nelms - Direct

1 Mr. Goodman. Number two, I think he's been forthright in --  
2 in his discussions with me. I wouldn't have an interest in  
3 taking on the case at all if I didn't have some high degree of  
4 comfort with Mr. Goodman. And based upon our discussions, at  
5 least at this point, I believe that Mr. Goodman needs to have  
6 some involvement with this company because I think he  
7 represents the fastest, and the most economical, and certainly  
8 the most knowledgeable solution to an early resolution of this  
9 case.

10 So I -- I've already told Mr. Goodman that if the time  
11 comes where we need to part ways, and -- and that we have a  
12 conflict in working together that that'll have to happen. But  
13 for the time being, I -- I think Mr. Goodman represents a very  
14 necessary and critical part of the -- of the Chapter 11.

15 Q. Okay. And notwithstanding that, though, you do view it  
16 as a (indiscernible) under powers and duties here, as I think  
17 you've put it, to investigate all of the --

18 A. I -- I mean I've got those duties, and responsibilities.  
19 One of the first things that I did do -- and this was -- this  
20 happened even before the order for relief was entered, but  
21 I -- I contacted Dennis Faulkner at LainFaulkner. I told him  
22 that -- that there was -- I was kind of looking for a turn key  
23 operation in terms of financial advisor, that is, people who  
24 could help us with schedules, statement of financial affairs.  
25 But I also thought that there may be some forensic accounting



Russell Nelms - Direct

1 services needed here, and he assured me that he could provide  
2 all of those -- those services.

3 Q. Okay. Give me just one second, let me see if there's  
4 anything else I wanted to ask you on this.

5 So in your engagement letter your hourly rate is 900  
6 dollars per hour?

7 A. Yes. That's my rate, yes.

8 Q. Okay. And do you know what a Chapter 3 -- or Chapter 7  
9 trustee commission would be?

10 A. It varies upon the rate of recoveries. It just --

11 MR. GUFFY: Your Honor, I want to object to this line  
12 of questioning here. This is supposed to be whether the  
13 debtor -- who controls the debtor, who has authority to act  
14 for the debtor. I think we're now getting into issues that  
15 are more properly reserved for what do you call the futility  
16 and the cause arguments that you've already decided are going  
17 to be continued.

18 THE COURT: Mr. Parham.

19 MR. PARHAM: Your Honor, I'll withdraw the question.

20 THE COURT: Okay.

21 MR. PARHAM: He may have a point.

22 THE COURT: Fair enough.

23 BY MR. PARHAM:

24 Q. Let me ask you this, just to finish up here, the consent  
25 talks about Mr. Goodman's -- John Goodman's continuing role.



Russell Nelms - Direct

1 How do you view Mr. Goodman's continuing role with the respect  
2 to management of the debtor and the right for new authorities?

3 A. Mr. Goodman would report to me. I think for the benefit  
4 of the creditors of this estate, even those who have said some  
5 fairly unkind things about -- or suggested some unkind things  
6 about Mr. Goodman today, is that I think he's uniquely  
7 qualified to help implement a successful reorganization here  
8 which would be much -- much quicker, and -- and handled much  
9 more efficiently than if we pursued in his absence.

10 And as I say I -- I'm -- I'm open to having my mind  
11 changed. I'm not always right in my evaluation of people.  
12 But my conversations with Mr. Goodman, at this point in time,  
13 suggest to me that -- that he's somewhat integral to the  
14 reorganization. And so -- but he would, in all instances,  
15 report to me.

16 Q. Okay. So he'd be assisting you --

17 A. He would be.

18 Q. -- in providing --

19 A. Yes.

20 Q. -- in providing --

21 A. Um-hum.

22 Q. -- information for you.

23 A. Right.

24 Q. And you're the one calling the shots though.

25 A. I'll be calling the shots, yes.



Russell Nelms - Direct

1 Q. And that's pursuant to the engagement letter and the  
2 consent. And, in fact, as we go forward -- as we -- as we  
3 file the motion the convert, which is the first thing we did,  
4 that was your call?

5 A. It's my call.

6 Q. Okay.

7 THE COURT: Anything further?

8 MR. PARHAM: Concludes our --

9 THE COURT: Direct? Okay.

10 MR. PARHAM: Yes.

11 THE COURT: Thank you very much.

12 Mr. Rukavina.

13 MR. RUKAVINA: Your Honor, I'm not sure if Mr. Parham  
14 moved to admit Exhibit 1. If he did --

15 THE COURT: He --

16 MR. PARHAM: If I didn't, I would like to do that.

17 THE COURT: Is there any objection to the admission  
18 of Exhibit 1?

19 MR. RUKAVINA: Not by me, Your Honor.

20 THE COURT: Okay. Hearing no objection. The Court  
21 will admit Exhibit 1.

22 (Written Consent of Voting Shareholders was hereby  
23 received into evidence as Debtor's Exhibit 1, as of this  
24 date.)

25 THE COURT: And the Court will also note for the



Russell Nelms - Cross

1 record that the debtor's exhibit list was filed -- let's see  
2 if it was filed with the exhibits.

3 MR. RUKAVINA: They were not, Your Honor, filed with  
4 the exhibit list.

5 THE COURT: Okay. It was not, so one thing that I'm  
6 going ask, Mr. Parham, is that after the hearing if you could  
7 upload any exhibits that were admitted. I appreciate that.  
8 It makes it so much easier for the clerk's office.

9 All right. So Exhibit 1 and Exhibit 3 have hereby  
10 been admitted.

11 MR. RUKAVINA: May I proceed, Your Honor?

12 THE COURT: Please.

13 CROSS-EXAMINATION

14 BY MR. RUKAVINA:

15 Q. Mr. Nelms, it's very strange to call you Mr. Nelms  
16 instead of Judge Nelms. Even socially I still call you Judge,  
17 but I think here decorum requires that I call you Mr. Nelms.

18 A. I agree.

19 Q. Exhibit 1, Mr. Nelms, you said that you saw that before  
20 it was executed. Do you know when this document was executed?

21 A. Yes, it was -- this was executed -- I think Monday was  
22 the 12th.

23 Q. Correct.

24 A. So it was executed on the 12th.

25 Q. Okay. How do you know that? How do you know that that's



Russell Nelms - Cross

1 when everyone signed it?

2 A. I know that because I -- because I was receiving emails  
3 from John Goodman as the signatures were coming in --

4 Q. Okay.

5 A. -- I was actually getting copied on that correspondence.

6 Q. So you think that we can go to your emails for exact  
7 dates and times that all the signatures came in?

8 A. Yes.

9 Q. Okay. Why were the signatures coming to as opposed to  
10 someone else? Do you know?

11 A. Oh, they weren't just coming to me, they were also going  
12 to Mr. Parham as well.

13 Q. Is it fair to say that you and Mr. Parham were just  
14 waiting on these signatures to file the motion to convert?

15 A. No, that's really -- that's not really the case.

16 Q. Well, why wasn't the motion to convert filed earlier on  
17 the 12th as opposed to after the order for relief?

18 A. Well, let me just put this in its right context.

19 Q. Okay.

20 A. We weren't scrambling around to try to -- to -- we  
21 weren't scrambling around in an effort to try to beat the  
22 entry of the order for relief. We -- we -- to be quite frank  
23 with you, at the time, in light of the fact that there was  
24 going to be a hearing, which I guess was scheduled for today,  
25 we actually thought we had a full week to file the motion --



Russell Nelms - Cross

1 to file the motion to convert.

2 Q. Okay.

3 A. And so it wasn't like there was this real urgency on our  
4 part to do this. We were -- we were just doing all of this  
5 stuff anyway. And then I think it was, kind of, in the middle  
6 of when these signatures were coming in that we received the  
7 copy of the order for relief.

8 Q. Okay. So at least one of the signatures was signed after  
9 the order for relief.

10 A. Yeah. The -- the --

11 Q. Okay.

12 A. -- one or more signatures were signed after the order for  
13 relief. I think that's what the -- what the email trail will  
14 show.

15 Q. Okay. Well, I have a few question for you, Mr. Nelms,  
16 about Exhibit 1, so you might want to pull it out and read it  
17 as I'm asking you questions.

18 A. Now, which -- which exhibit?

19 Q. Exhibit 1, sir.

20 A. Okay.

21 Q. That's the shareholder consent.

22 A. Yeah.

23 Q. Okay. Now the very first sentence says, the undersigned  
24 shareholders holding a majority of the issued and outstanding  
25 shares. You see that, sir?





Russell Nelms - Cross

1 A. I do.

2 Q. And to your understanding, do those shareholders hold the  
3 majority?

4 A. That's my understanding.

5 Q. Okay. You don't have any independent knowledge?

6 A. I don't.

7 Q. Do you know whether there's other shareholders that have  
8 not signed this document?

9 A. I don't.

10 Q. Okay. The second whereas -- please take time to read it  
11 if you need to, but it lists and identifies several  
12 subsidiaries. Do you see that, Mr. Nelms?

13 A. In the third -- in the third whereas?

14 Q. No, in the second whereas. In the judgment of the voting  
15 shareholders of the corporation it is desirable. Do you see  
16 that, sir.

17 A. Oh, yes. Yes --

18 Q. Okay.

19 A. -- I see. Yes, um-hum.

20 Q. It references as wholly-owned subsidiaries Goodman  
21 Network Services, LLC; GNET ATC, LLC; and Multiband Field  
22 Services, Inc. Do you see that, sir?

23 A. I do.

24 Q. Okay. And they're defined as subsidiaries. Do you see  
25 that?



Russell Nelms - Cross

1 A. I do, yes.

2 Q. And I know you've only been in this case for, I guess, a  
3 week or so, but do you agree, or do you have any reason to  
4 disagree that those subsidiaries are wholly owned by the  
5 debtor?

6 A. It's my understanding that they are.

7 Q. Okay. And would you also, then, understand that the  
8 debtor's ownership of those subsidiaries would be property of  
9 the estate?

10 A. The ownership interests --

11 Q. Yes.

12 A. -- whether they're represented by shares, or  
13 membership --

14 Q. Yes. Yeah.

15 A. -- interest would be property of this estate; that's  
16 correct.

17 Q. And did anyone ask you whether signing this document,  
18 Exhibit 1, might be a stay violation?

19 A. No, I was -- I was not asked that question.

20 Q. Do you recall discussing with Mr. Parham, or any other  
21 lawyer for the debtor whether there was -- the automatic stay  
22 being implemented? I'm sorry, implicated.

23 A. Well, you're asking whether -- I mean you have to keep in  
24 mind that at this point -- I guess if we're having this  
25 discussion here -- well, hang on just a second, I'm trying



Russell Nelms - Cross

1 to -- okay. I'm sorry, say -- ask your question again,  
2 please.

3 Q. Yes. Yes, Mr. Nelms. Prior to this document being  
4 executed, so I'm talking about prior to last -- this last  
5 Monday.

6 A. Right.

7 Q. And you've heard me say that the trustee is waiving the  
8 debtor's privilege. So my question to you is, do you know  
9 whether you and Mr. Parham, or any other debtors' attorney  
10 discussed whether the automatic stay applied to the execution  
11 of Exhibit 1?

12 A. Okay. Well, let me be clear about one thing.

13 Q. Yeah.

14 A. Number one, I'm not answering because I think the  
15 privilege has been waived because I think that's an area of  
16 dispute. But I'm going to answer your question because of  
17 this reason, because what it -- that -- that discussion, had  
18 it occurred, would have been before I became an independent  
19 director --

20 Q. Okay.

21 A. -- therefore not privileged.

22 Q. Okay.

23 A. But the answer to your question is no.

24 Q. Okay, fair enough.

25 A. But I just -- I wanted to make that clear because I



Russell Nelms - Cross

1 didn't want to purport to waive the privilege by answering it.

2 Q. I respect that. My questions now are about the rest of  
3 this document beginning with the paragraph that says, now  
4 wherefore be it resolved. You see, Mr. Nelms, this is the  
5 third highlighted or bolded --

6 A. I do see it.

7 Q. Okay. And it talks about authorizing the filing of a  
8 voluntary Chapter 11 petition for the subsidiaries. Do you  
9 see that, sir?

10 A. Yes, I do.

11 Q. Okay. And then the last -- there on page 1, further  
12 resolved, the last paragraph. It appoints you, you being the  
13 independent director, to take any and all necessary steps, et  
14 cetera, on behalf of the subsidiaries. Do you see that, sir?

15 A. Tell me which resolve paragraph you're looking at,  
16 please.

17 Q. The last on page 1, Mr. Nelms, further resolved, the  
18 independent director shall, acting alone in each case, et  
19 cetera, et cetera.

20 A. I see what you're saying, yes.

21 Q. Okay. And then we can talk about the next page, but do  
22 you agree with me that this document authorizes the retention  
23 of Akerman as bankruptcy counsel for the subsidiaries?

24 Further resolved that the --

25 A. Yes. Yes --



Russell Nelms - Cross

1 Q. Yeah.

2 A. -- I see that one.

3 Q. Okay.

4 A. I see that provision, yes.

5 Q. Okay. And that this document also authorizes the  
6 retention of LainFaulkner as financial advisors to the  
7 subsidiaries. Do you see that, sir?

8 A. That's correct.

9 Q. Okay. And that you as the independent director are  
10 authorized on behalf of, and in the name of the subsidiaries  
11 to retain such other professional, et cetera, as you deem  
12 appropriate. Do you see that, sir?

13 A. I do.

14 Q. I'm paraphrasing, obviously.

15 A. Yes.

16 Q. Yeah.

17 A. I understand.

18 Q. Okay.

19 A. But I agree with you.

20 Q. Okay. So this document, in addition to other things,  
21 basically gives you managerial rights over the subsidiaries,  
22 correct?

23 A. It does.

24 Q. Okay. The subsidiaries have not filed Chapter 11  
25 petitions yet, have they?



Russell Nelms - Cross

1 A. No, that I would consider to be a violation of the  
2 automatic stay.

3 Q. Okay. And perhaps it's legal argument where Mr. Parham  
4 can discuss it, but I will suggest to you, sir, as a  
5 bankruptcy expert, and as a renowned, and beloved bankruptcy  
6 judge that the whole of Exhibit 1 is a stay violation.

7 I'd like to now move, Mr. Nelms, to a document that's an  
8 email which I've marked as Exhibit TA.

9 MR. RUKAVINA: Your Honor, T for trustee, and A for  
10 TA. May I approach?

11 THE COURT: Yes, you may. Thank you very much.

12 Q. Mr. Nelms, do you recognize --

13 MR. RUKAVINA: And I don't know how to do it for our  
14 colleagues on the -- on the internet, but it's an email from  
15 Russell Nelms to John Goodman, David Parham, Shanna Dinkins on  
16 December the 15th. No, I'm sorry that's when it's archived.  
17 It's sent on December the 10th.

18 I don't know how to show it to them, Your Honor,  
19 maybe Mr. Berghman does.

20 THE COURT: Mr. Berghman, if you can put it on the  
21 screen, please do so. If not, perhaps you can email it to the  
22 other counsel if --

23 THE CLERK: (Indiscernible).

24 THE COURT: Pardon?

25 MR. BERGHMAN: I got you.



Russell Nelms - Cross

1 THE CLERK: He can (indiscernible).

2 THE COURT: Okay.

3 MR. RUKAVINA: I don't even know where the camera on  
4 me is, I could show it to the --

5 THE COURT: You give us just a moment, I think Mr.  
6 Berghman can join and share it, just one moment.

7 MR. RUKAVINA: Didn't we used to have an ELMO, or  
8 whatever they called it?

9 THE COURT: We did have an ELMO. I think it's right  
10 there under the --

11 THE CLERK: We still (indiscernible).

12 MR. RUKAVINA: It belongs in the Museum of Science  
13 and Industry from the '80s.

14 THE COURT: Oh, they won't be able to see from the  
15 ELMO either.

16 MR. RUKAVINA: Oh. Well, Your Honor, I'll see if Mr.  
17 Berghman can't email this. In the meantime, shall we proceed?

18 THE COURT: Yeah, exactly.

19 BY MR. RUKAVINA:

20 Q. Mr. Nelms, do you recognize Exhibit TA?

21 A. I do.

22 Q. Does this appear to be a true and correct copy of the  
23 email that you sent?

24 A. It is.

25 MR. RUKAVINA: I move to admit TA, Your Honor.



Russell Nelms - Cross

1 THE COURT: Any objection to the --

2 MR. PARHAM: Your Honor, I'm going to object on the  
3 basis of --

4 THE COURT: -- admission of TA?

5 MR. PARHAM: Yeah, I'm going to object on the basis  
6 of relevancy. I just don't see that this has anything at all  
7 to do with the standing issue.

8 MR. RUKAVINA: It does, Your Honor, because Mr.  
9 Parham asked Mr. Nelms multiple questions about the enrollment  
10 of Mister -- the role of Mr. Goodman. Mr. Nelms testified  
11 that his role is instrumental -- I forget the exact words, but  
12 Mr. Nelms testified that he's also in charge, so this is  
13 rebuttal to those purposes.

14 THE COURT: All righty, I'm going to overrule the  
15 objection to relevancy, and that the Court will weigh it  
16 properly in connection with the decision. So the objection is  
17 overruled. Exhibit TA is hereby admitted.

18 (December 10 Email Sent by Russell Nelms was hereby  
19 received into evidence as Trustee's Exhibit TA, as of this  
20 date.)

21 Q. So Mr. Nelms, this is an email that you sent to Mr.  
22 Goodman, and Mr. Parham, copying Miss -- I think -- I guess  
23 it's a Ms. Dinkins.

24 A. Yes.

25 Q. Just for my -- is she your assistant?





Russell Nelms - Cross

1 A. Ms. Dinkins is my paralegal --

2 Q. I apologize.

3 A. -- and my assistant.

4 Q. I apologize, I just didn't remember her name. Okay.

5 Would you agree with me -- or, I'm sorry. Would you  
6 please read into the record the paragraph that begins with, as  
7 I am sure that Dave would agree. It's about four or five  
8 paragraphs in.

9 A. Yes.

10 Q. Please read that.

11 A. As I'm sure that Dave would agree, in the early stages of  
12 the bankruptcy the emphasis is on collecting cash, protecting  
13 assets, and reducing expenses, not necessarily settling  
14 claims. Also avoidance actions are down the road items.

15 Q. Thank you, sir. Thank you, sir. Two paragraphs down you  
16 write, we will need an accounting firm that does specialized  
17 bankruptcy accounting. Do you see that, sir?

18 A. I do.

19 Q. Why did you say that? Why did you say that you need that  
20 accounting firm?

21 A. At this point I had seen some consolidated financial  
22 statements which -- well, let me -- let me back up. I think  
23 in any bankruptcy case you're always going to need a financial  
24 consultant who can do specialized insolvency accounting that  
25 can perform those services. And some of those are fairly



Russell Nelms - Cross

1 routine. But when I looked at the consolidated financials  
2 that were sent to me -- and these were prepared by CGFI, is  
3 that the company? There was some -- there were some monies  
4 that had gone out the door that -- that I -- that I didn't get  
5 an explanation for, the money coming back for -- well, I'll  
6 make -- I'll refer to the AMRR transaction. It looks at the  
7 level of one of the subsidiaries, and I guess it was GNET,  
8 forty-four million dollars went out the door, a forty -- a  
9 forty-four-million-dollar note came back, then after that  
10 twenty-two million dollars of that note was signed to -- I  
11 believe to a preferred shareholder.

12 Q. Do you know which preferred shareholder?

13 A. Somebody's told me that it -- is it Tin (ph.) -- I don't  
14 know. I don't -- I don't know who it is.

15 But just looking at that entry, itself alerted me to the  
16 fact that -- that this was -- this was the type of transaction  
17 that needed some -- that needed to be investigated.

18 Q. Next you write, John, your current firm may do that type  
19 of work. Who's John?

20 A. John Goodman.

21 Q. Were you suggesting that you might consider John  
22 Goodman's firm to look at the specialized bankruptcy  
23 accounting that you might need?

24 A. Yeah, I did suggest that.

25 Q. Okay.



Russell Nelms - Cross

1 THE COURT: Where do you see that, Mr. Rukavina?

2 MR. RUKAVINA: Your Honor, it's the paragraph  
3 beginning, we will need an accounting firm. Do you see that,  
4 Your Honor?

5 THE COURT: Okay, thank you.

6 MR. RUKAVINA: The sentence after that.

7 THE COURT: Um-hum.

8 MR. RUKAVINA: Has, Your Honor, found it?

9 THE COURT: Um-hum.

10 MR. RUKAVINA: Okay.

11 THE COURT: Thank you. And it's also up on the  
12 screen now, Mr. Rukavina.

13 MR. RUKAVINA: Oh. Thank you, Mr. Berghman.

14 Q. I'll read the next paragraph, Mr. Nelms. "John, you  
15 mentioned a willingness to purchase some or all of the bonds.  
16 I would hold off on that. It is possible that any investment  
17 would be structured differently in the bankruptcy case and  
18 that you could be afforded additional protections not  
19 available outside bankruptcy. That is something you would  
20 want to talk with your own lawyers about."

21 Did I read that correctly, Mr. Nelms?

22 A. You did.

23 Q. What are you referring to? What willingness had John  
24 manifested to purchase some or all of the bonds? Do you  
25 remember?



Russell Nelms - Cross

1 A. Yes, I do believe that -- that Mr. Goodman has been in  
2 negotiations for some time with bondholders to purchase the  
3 bonds from them.

4 Q. Did he tell you why he wanted to purchase them?

5 A. I think he did tell me why. I don't remember why.

6 Q. Okay. Now, you -- obviously you never represented or  
7 purported to represent Mr. Goodman as an attorney, right?

8 A. That's correct.

9 Q. Okay. Why are you giving him, whatever this is, advice,  
10 or a suggestion? Or I'm not trying to put words in your  
11 mouth, why are you telling him anything about his willingness  
12 to purchase bonds?

13 MR. PARHAM: I'm going to object again. I'm not  
14 seeing where this goes anywhere towards the standing of the  
15 debtor to pursue a chapter motion to confer.

16 MR. RUKAVINA: It doesn't, Your Honor. But again,  
17 Mr. Parham elicited evidence and testimony from Mr. Nelms that  
18 I am now impeaching. He opened the door to this by talking  
19 about how Mr. Nelms will be independent, Mr. Goodman will not  
20 have management. Mr. Goodman, however, is instrumental. I'm  
21 using this to -- I don't want to impeach Mr. Nelms, I think  
22 the world of him, but I don't think that this email suggests  
23 the kind of strong man that is now being suggested.

24 THE COURT: Objection overruled.

25 Q. Do you remember my question, Mr. Nelms?



Russell Nelms - Cross

1 A. Yes, I do.

2 Q. Okay. Why were you -- again, whatever this is, a  
3 suggestion, why were you telling Mr. Goodman what you thought  
4 he might ought to do or not to do?

5 A. Well, at that point in the case it appeared to me that  
6 one of the -- that one of the, perhaps, sources of cash that  
7 could be used by the debtor is that Mr. Goodman, himself,  
8 might be that sort of -- that he might be that repository of  
9 cash, that he would be willing to come forward, and help us  
10 fund the debtor-in-possession. And given the choice of those  
11 two things, and if -- if Mr. Goodman's going to sit there, and  
12 he has a choice of going out and buying some -- using that  
13 cash to buy bonds, or using that cash to help me fund a  
14 bankruptcy case, I want that cash. I don't -- you know, so  
15 I'd rather have it, and then we could put in the -- we can put  
16 that in the pot, and the bondholders can get their pro rata  
17 shares. So that's what I was thinking.

18 Q. And that's also why you're telling him that if --  
19 basically, if you're going to use some money you get more  
20 protections inside of bankruptcy than out.

21 A. Sure. That's right. Um-hum.

22 Q. So far in this email we basically seen that you're  
23 suggesting that avoidance actions might come later on down the  
24 road. You're suggesting that you might hire Mr. Goodman's  
25 firm. And you're suggesting that if he's going to put in



Russell Nelms - Cross

1 money, then he might do it when there's more protection for  
2 him. Is that, generally, correct?

3 A. I'm sorry, did -- did you say that I suggested that we  
4 would hire his firm?

5 Q. Well, no I didn't say that. You inquired as to whether  
6 his firm would do that work. Here's what I'm trying to say,  
7 Mr. Nelms, this is -- this is a couple days before you were  
8 retained. I understand that, right. And doing debtor work, I  
9 understand sometimes you need to look at sources of recovery  
10 that might be your own client, and that's sometimes very  
11 uncomfortable, correct?

12 A. Correct.

13 Q. Okay. You're not suggesting anywhere in here something  
14 like, we got to start suing people right away, are you?

15 A. No, I'm not suggesting that here. I have to tell you, I  
16 wouldn't suggest it in any Chapter 11 case.

17 Q. You're not --

18 A. That's not the first thing you do; that's right.

19 Q. That's right. And you're not suggesting here, let's get  
20 in a third-party forensic accountant right away to find out  
21 what happened, are you? An independent --

22 A. No, I think I did suggest that.

23 Q. But then you suggested that -- well, I'm sorry, then you  
24 asked John whether he might be able to do that, correct?

25 A. Did I -- I asked John whether his firm might be able to



Russell Nelms - Cross

1 it?

2 Q. Yeah.

3 A. I did ask that question.

4 Q. By the way, did he ever respond to that question?

5 A. No, here's what happened in response to that.

6 Q. Let me stop you.

7 A. Okay.

8 Q. Was there ever -- do you remember an email response to  
9 this?

10 A. This is because he didn't -- if he responded by -- no, he  
11 didn't respond by email.

12 Q. Okay. Did you recall whether anyone responded to your  
13 email TA?

14 A. No, there --

15 Q. Okay.

16 A. -- wasn't a response to that.

17 Q. So what happened with respect to the possibility that you  
18 might retain Mr. Goodman's firm to be this accountant that  
19 you're talking about?

20 A. Well, we had a discussion on Sunday night. This is --  
21 this letter was on a Sunday -- or this was on a Saturday, we  
22 spoke on a Sunday night. And we started going through some of  
23 these transactions, and I think one of the things I learned in  
24 that -- in that discussion was that CGFI had basically done  
25 the accounting work for this forty-four-million-dollar note.



Russell Nelms - Cross

1 They had --

2 Q. And pardon me --

3 A. -- been involved in that transaction.

4 Q. -- and pardon me, CGFI, unknown name to me.

5 A. That -- that's the accounting that -- when I say Mr.  
6 Goodman's accounting firm, that's CGFI.

7 Q. Okay.

8 A. I believe.

9 Q. Those are also the ones that did the balance sheet that  
10 you saw that --

11 A. Yes.

12 Q. Okay.

13 A. That's right.

14 Q. And I apologize.

15 A. Yeah.

16 Q. I thought it meant ground fault interruption circuit  
17 which is I use when I build bathrooms, but go ahead --

18 A. Oh, yeah.

19 Q. -- please continue.

20 A. Well, they had been involved in that transaction which  
21 was, I thought, a transaction that would have to be  
22 investigated. And because they were involved in that  
23 transaction, and maybe other transactions, I knew at that  
24 point we couldn't use them.

25 Q. Understand.





Russell Nelms - Cross

1 A. So at that point that's when I knew we had to go a  
2 different direction.

3 Q. Did you make that decision after you were retained or  
4 before?

5 A. No, I had already -- I had already -- I think I was on  
6 the phone with Dennis Faulkner first thing on Monday morning.

7 Q. Oh, I got it.

8 Let's focus on the last paragraph of that page, Mr.  
9 Nelms. "Based upon my review of the financials, it appears  
10 that we should file voluntary petitions on behalf of Multiband  
11 Field Services, and GNET ATC." Do you see that, sir?

12 A. Yes.

13 Q. Did I read that correctly?

14 A. Yes, you did.

15 Q. So, let me -- let me ask you something, so here you are  
16 on Saturday, December the 10th. We've seen earlier that  
17 you've recommended that the debtor agree to the entry of an  
18 order for relief under Chapter 11, stating that you think that  
19 Judge Larson would grant that relief. And then you've also  
20 stated at the bottom that you think -- or it appears that we  
21 should file voluntary petitions. Your recommendations on  
22 those weren't taken, were they?

23 A. When you say they weren't taken, we --

24 Q. Let's read. Let's read. You start by saying, "it  
25 appears that the next steps are the following, agree to the



Russell Nelms - Cross

1 entry of an order for relief under Chapter 11". The debtor  
2 never agreed to the entry of an order for relief under Chapter  
3 11, did it? Yes, or no, Mr. Nelms.

4 A. Well --

5 Q. Mr. Nelms, did the debtor ever agree to the entry of an  
6 order for relief under Chapter 11?

7 A. I'm going to answer your question here.

8 Q. Okay.

9 A. It depends.

10 Q. Okay. The debtor never --

11 A. The answer -- because the answer is that I believe that  
12 in an email that Mr. Parham had with the -- the Court's clerk,  
13 he indicated that -- that the debtor would.

14 MR. RUKAVINA: We'll just move --

15 A. And he also indicated that they intended to confer.

16 MR. RUKAVINA: -- move to strike, Your Honor.

17 Hearsay, best evidence.

18 THE COURT: Objection overruled. I mean excuse me,  
19 motion to strike denied.

20 MR. RUKAVINA: Okay.

21 Q. Did the debtor ever file a voluntary Chapter 11 petition?

22 A. It did not.

23 Q. Okay. Did the debtor ever consent to the entry for an  
24 order for relief?

25 A. Not by virtue of filing, no.



Russell Nelms - Cross

1 Q. Okay. And in the last paragraph, did a voluntary  
2 petition ever get filed on behalf of Multiband Field Services,  
3 and/or GNET ATC?

4 A. Yeah, we did not do that between --

5 Q. Okay.

6 A. -- Saturday and Monday.

7 Q. And you still haven't done it through to today, correct?

8 A. I would think -- if you're taking the position that  
9 Exhibit 1 is a violation of the automatic stay, I think you'd  
10 definitely take the position that that would be.

11 Q. I would, but just, again, we've clarified that Multiband  
12 Field Services and GNET, no petitions have been filed on or --

13 A. That's correct --

14 Q. Correct.

15 A. -- they haven't been filed; that's right.

16 Q. Okay. You continue to write, "we should then move to  
17 have them administratively consolidated with the case of GNI".  
18 GNI meaning this case, right?

19 A. That's correct.

20 Q. Okay. "This consolidation would immediately reduce the  
21 amount of attorney's fees going out the door." Did I read  
22 that correctly?

23 A. That's correct.

24 Q. Okay. Your recommendations on those things weren't  
25 followed either, were they? As of today, they weren't



Russell Nelms - Cross

1 followed.

2 A. No.

3 Q. Okay. You continue writing, "also efficiencies would be  
4 achieved because we could put an end to discovery for the time  
5 being". Okay. What did you mean, sir, about putting an end  
6 to discovery for the time being?

7 A. Well, my understanding is there's been a lot of discovery  
8 in this case, it's been very contentious. I think everybody  
9 has spent a lot of money in discovery. And so, it means that,  
10 number one, there is going to be an automatic stay in effect  
11 which puts it into discovery. And so -- and then that's  
12 coupled with another thing. And this is something that I  
13 mention in my interview on Thursday.

14 In my capacity I'm going to do a lot of stuff without  
15 discovery. You need something, you call me or my lawyer up,  
16 and if it's not a problem, we're going to be sending that to  
17 you. You don't need to notice me for a deposition. You don't  
18 need to -- you don't need to prepare a notice for production  
19 of documents, all that other stuff. I'm here to cooperate  
20 here, I'm not here to create obstacles.

21 Q. And I respect that, because you're a professional. So  
22 you've already established that you, certainly as of this  
23 date, had some questions about some pre-petition transactions,  
24 correct?

25 A. I had seen that consolidated financial statement; that's



Russell Nelms - Cross

1 true.

2 Q. And did I understand your answer to mean that you  
3 wouldn't need discovery to get to the bottom of that. You'd  
4 use your powers as a director to get to the bottom of what  
5 happened, find out the information relevant to that?

6 A. Well, I think that the first person I would go to would  
7 be John Goodman, himself.

8 Q. Okay. So you would get the answers to your satisfaction  
9 you'd think, right? You'd think that you'd get -- you know  
10 you'd hope that as the independent director you'd get answers  
11 satisfactory to you, whatever those answers might be,  
12 regarding any transactions that you might have questions  
13 about, correct?

14 A. Well, I'm not suggesting that Mr. Goodman, alone, is  
15 going to satisfy all -- is going to satisfy me with respect to  
16 all of my questions. But I have confidence that -- that due  
17 to my contacts with Mr. Goodman, as well as the use of Mr.  
18 Faulkner that I would be -- and let's face it, creditors also  
19 have a lot of information that they can provide me. So I  
20 didn't intend this to be a single source of information.

21 Q. But once you would receive all this information you would  
22 control whether, when, and how you would give it to creditors,  
23 right?

24 A. Would I control it?

25 Q. Um-hum.



Russell Nelms - Cross

1 A. Yes, I would have control over that information; that's  
2 correct.

3 Q. Okay. One moment, Mr. Nelms.

4 THE COURT: Um-hum.

5 Q. I doubt that you know anything about this document as it  
6 pre-dates you. So I'm just going to ask a couple questions,  
7 generally. Have you heard of any shareholders by the name of  
8 Ron Hill?

9 A. No.

10 Q. William (ph.) Dirkwah?

11 A. No.

12 Q. That sounds Klingon. D-I-R-K-W-A-H. Skip Hullett (ph.)?

13 A. No.

14 Q. Scott Pickett (ph.)?

15 A. No.

16 Q. Alarshia M. Pickett (ph.)?

17 A. No.

18 Q. Have you heard of other shareholders other -- whose last  
19 name is not Goodman?

20 A. I -- I have not.

21 Q. Okay. Have you seen a listing of shareholders of the  
22 debtor?

23 A. I have not.

24 Q. Have you requested one?

25 A. I have -- when the order for relief was entered I



Russell Nelms - Cross

1 moderated my activities.

2 MR. RUKAVINA: Pass the witness, Your Honor. Thank  
3 you.

4 THE COURT: Thank you, Mr. Rukavina.

5 All righty. Mr. Guffy, Mr. Silverstein,  
6 cross-examination for Mr. Nelms?

7 MR. SILVERSTEIN: Yes (audio interference) thank you,  
8 Your Honor. Can you hear me okay?

9 THE COURT: I can.

10 MR. SILVERSTEIN: Good. Thank you.

11 CROSS-EXAMINATION

12 BY MR. SILVERSTEIN:

13 Q. Good afternoon, Mr. Nelms. We were discussing Exhibit 1,  
14 which is the written consent. Do you have that document  
15 nearby?

16 A. Yes, I do.

17 Q. Thank you. You see these signatures on page 4, I  
18 believe? I don't think it's a numbered page, but it's after  
19 page 3. There's James Goodman, see that? There's Joseph  
20 Goodman.

21 A. I do, yes.

22 Q. There's Jonathan (audio interference) Jason (audio  
23 interference) and then --

24 A. Yes.

25 Q. -- Goodman MBE. How many shares do you understand that



Russell Nelms - Cross

1 James Goodman owns?

2 A. I don't know.

3 MR. RUKAVINA: You Honor, I'll object that as  
4 speculation.

5 Sorry, Mr. Silverstein, for objecting to my own  
6 ally's objection, but I'm going to rest on that objection.  
7 Lack of foundation.

8 Q. Mr. Nelms, do you know how many shares Joseph --

9 THE WITNESS: Did you withdraw that? I don't know.  
10 Were you waiting for a ruling Mister --

11 MR. RUKAVINA: I objected, yes.

12 THE COURT: I was waiting for Mr. Silverstein to  
13 respond to your objection.

14 MR. SILVERSTEIN: I'm asking Mr. Nelms if he knows  
15 how many shares each of these people own.

16 THE WITNESS: I don't, no.

17 MR. SILVERSTEIN: I don't know what the objection  
18 (audio interference) --

19 THE COURT: Now I'm going to rule.

20 MR. SILVERSTEIN: -- I don't know what the basis for  
21 objection (indiscernible).

22 MR. RUKAVINA: Yeah, I do not have an objection to  
23 that question. That's a different question than how much does  
24 Joe own.

25 THE COURT: I think his original question was how --





Russell Nelms - Cross

1 does he understand how much he owns. I'm going to overrule  
2 the objection. I'm going to allow the witness to testify as  
3 to his understanding, if he has any, of what the -- of Mr.  
4 James E. Goodman (ph.) owns.

5 MR. SILVERSTEIN: Thank you, Your Honor. Excuse me.

6 THE COURT: I'm going --

7 MR. SILVERSTEIN: So it's --

8 THE COURT: -- I'm going to take control of this  
9 pretty soon.

10 BY MR. SILVERSTEIN:

11 Q. It is your testimony, Mr. Nelms, that you have no idea  
12 how many shares the -- one, two, three, four, five entities  
13 who signed this resolution own in the aggregate?

14 A. That's my testimony, yes.

15 MR. PARHAM: Your Honor --

16 Q. So you have no idea if the (indiscernible) majority of  
17 the --

18 THE COURT: Just one moment, Mr. Silverstein, Mr.  
19 Parham has stood for an objection.

20 MR. PARHAM: Yeah. No. Well, actually --

21 THE COURT: Please speak to the mic.

22 MR. PARHAM: -- I apologize for interrupting Mr.  
23 Silverstein.

24 I was going to ask if we could just take a short two  
25 or three-minute break for the witness to get a drink in.



Russell Nelms - Cross

1 THE COURT: Oh, of course.

2 THE WITNESS: Oh. You know, Your Honor, I don't  
3 really need a drink. I just -- I don't need to take a break.  
4 I just needed a cup of water if anybody has one.

5 THE COURT: Okay.

6 MR. RUKAVINA: I've already drank mine, I apologize.

7 THE WITNESS: No.

8 THE COURT: We'll bring one.

9 THE WITNESS: Oh, okay. Thank you.

10 THE COURT: We'll bring one.

11 Mr. Burns (ph.), if you could bring a water in.

12 THE WITNESS: Sorry to ask.

13 THE COURT: We're fine.

14 MR. SILVERSTEIN: Tell me when I can proceed.

15 THE WITNESS: Oh.

16 THE COURT: You can proceed, Mr. Silverstein.

17 MR. SILVERSTEIN: Okay. I don't want anyone to be  
18 parched when I'm questioning, but --

19 BY MR. SILVERSTEIN:

20 Q. Mr. Nelms, you have no idea if the folks who signed  
21 Exhibit 1, in fact, own a majority of the shares in Goodman  
22 Networks?

23 A. That's correct.

24 Q. So you have no idea if this is a valid resolution?

25 A. I relied on it, but I'm relying on the representation



Russell Nelms - Cross

1 from these people that it was valid.

2 Q. Where do they make -- where do they each give you that  
3 representation?

4 A. By virtue of their signatures.

5 Q. Okay. Thank you. Now you mentioned Mr. Goodman as being  
6 somehow knowledgeable about this business; is that correct?

7 A. Yes.

8 Q. Has John Goodman told you that he is knowledgeable about  
9 this business?

10 A. He has.

11 Q. Do you know when John Goodman was last involved in the  
12 operation of this business when it was an operating business?

13 A. Well, I think the best way to put this is, is that if we  
14 take this debtor and the two subsidiaries, I think that  
15 Mister -- that Mr. Goodman has been working to resolve various  
16 issues with respect to this enterprise that consist of these  
17 three entities for some time now. But I can't -- I can't tell  
18 you --

19 Q. (Indiscernible) --

20 A. -- I can't tell you the beginning date of that.

21 Q. And when you say -- what kind of involvement do you think  
22 he's had? What's your understanding as to that?

23 A. Well, he does have a consulting agreement.

24 THE WITNESS: Thank you. Thank you.

25 A. He has a consulting agreement. I'm not -- the -- I've



Russell Nelms - Cross

1 seen the consulting agreement, but as I recall on my copy, I  
2 don't think it was dated so I'm not sure exactly when it  
3 started. But I think that he has -- for example, and this is  
4 my understanding, he has been attempting to work with Mr.  
5 Frinzi with respect to understanding this forty-four-million-  
6 dollar transaction, why it was done, where the money went. He  
7 has been trying to -- to work with him on some type of  
8 resolution of that particular issue.

9 Also I understand he's been behind the scenes negotiating  
10 with bondholders with respect to the purchase of their bonds.  
11 So you know there's several moving parts to these three  
12 different entities, and I think that -- my understanding is  
13 that Mister -- Mr. Goodman has been attempting to work with --  
14 with -- with creditors of each of those entities in order to,  
15 kind of, solve these problems.

16 Q. Would it surprise you if I told you that Mr. John Goodman  
17 told me that prior to the involuntary petition being filed he  
18 had no involvement with this company for years and knows  
19 nothing about this company?

20 A. Are you saying --

21 Q. Would that surprise you?

22 A. -- are you saying prior to the filing of the involuntary  
23 petition?

24 Q. Yes.

25 A. I wouldn't necessarily be surprised if he said that he



Russell Nelms - Cross

1 didn't have -- that he hadn't been having an involvement prior  
2 to the involuntary petition, yes. I -- would -- would I be  
3 surprised --

4 Q. (Indiscernible) the September -- September of this  
5 year --

6 A. I'm sorry, the question is would I be surprised. I guess  
7 my answer is no, would not be surprised.

8 Q. Do you believe that Mr. John (audio interference) has any  
9 knowledge of the transaction with the entity called 18920  
10 where, I think, fourteen million dollars was paid to that  
11 entity?

12 A. I do believe that Mr. Goodman would have knowledge about  
13 that. I -- I -- I think the answer to your question is yes, I  
14 think he has knowledge.

15 Q. And do you know what -- how he would have obtained that  
16 knowledge? When the transaction occurred --

17 A. I don't.

18 Q. -- or after the fact? And what about the AMRR forty-two-  
19 million-dollar transaction which happened, I believe, in early  
20 '22, unless I'm wrong on that?

21 I'm right on that. Okay, '22. I see Mr. Guffy, he's  
22 nodding his head, so it's the right date.

23 You think he had knowledge of that transaction?

24 MR. PARHAM: Your Honor, again, I'm not sure what  
25 this has to do with corporate authority, but -- so I would



Russell Nelms - Cross

1 object on --

2 MR. SILVERSTEIN: I didn't hear.

3 MR. PARHAM: -- relevance. I would object on  
4 relevance.

5 THE COURT: If you would give your objection at the  
6 mic, please.

7 MR. PARHAM: Yeah, Your Honor, I would object on the  
8 basis of relevance. I'm not sure what any of this has to do  
9 with --

10 THE COURT: He's objecting on the basis of relevance,  
11 Mr. Silverstein.

12 MR. SILVERSTEIN: Well, Mr. Parham opened the door  
13 when he asked questions about John Goodman, and when Mr. Nelms  
14 testified about how John Goodman is an important and  
15 significant factor here. So I think it's fair game.

16 THE COURT: I'm going to overrule the objection, and  
17 give you a little bit of rope here, Mr. Silverstein, but --

18 MR. SILVERSTEIN: (Audio interference) I'll try not  
19 to hang myself. Thank you.

20 Q. Mr. Nelms, can you turn to page 2 of Exhibit 1, and read  
21 the second further resolved paragraph, please? Remind me --

22 THE COURT: And before you -- before we turn to that,  
23 Mr. Nelms, I missed your response to whether or not Mr.  
24 Goodman would have any knowledge of the AMRR transaction.

25 THE WITNESS: Well, my understanding --



Russell Nelms - Cross

1 MR. SILVERSTEIN: According to my --

2 THE WITNESS: -- Mr. Goodman was not involved in that  
3 transaction. I think that was a Mr. Frinzi transaction. But  
4 I know that's he's been -- my understanding is he's been  
5 involved in trying to pursue its collectability.

6 Q. Thank you, Mr. Nelms. Page 2 of Exhibit 1, can you look  
7 at the second further resolved paragraph, and please read that  
8 to us. It's very short.

9 A. I see that, yes. Oh, did you want --

10 Q. You mind reading it out loud?

11 A. -- I'm sorry, did you want me to read that?

12 Q. If you don't mind.

13 A. Okay. "Further resolved that the authority of John  
14 Goodman granted pursuant to the terms of that certain  
15 consulting agreement shall continue in full force and effect  
16 in accordance with the terms thereof."

17 Q. And you said you haven't read the consulting agreement;  
18 is that correct?

19 A. Say again, please.

20 Q. You said, I believe, that you have not read the  
21 consulting agreement; is that true?

22 A. No, I have read the consulting agreement.

23 Q. You have read, okay I misunderstood. And is it -- is  
24 your understanding that under the consulting agreement Mr.  
25 Goodman effectively acts as the CEO of the company -- of



Russell Nelms - Cross

1 Goodman Networks, Inc.?

2 A. My recollection of it is, is that it grants him fairly  
3 broad powers as a consultant. So whether you -- whether it's  
4 those of a CEO or not I don't know.

5 Q. Okay. He's referred to as a consultant, does the company  
6 have any other officers? And by company (audio  
7 interference) --

8 A. I don't know.

9 Q. -- use the word company I mean Goodman (audio  
10 interference) --

11 A. Are we talking about Goodman --

12 Q. -- (audio interference)?

13 A. -- Networks, Inc.?

14 Q. Yeah, I'm only talking about Goodman Networks, Inc. If I  
15 was unclear, I apologize.

16 A. I don't know.

17 Q. You don't know.

18 A. Huh-uh.

19 Q. You testified that you don't think that the folks who  
20 signed this written consent can terminate you. Tell me the  
21 basis for that belief because I don't see it in any document  
22 anywhere, and the documents suggest that they can terminate  
23 you the same way they hired you.

24 A. Well, the basis of that belief, I guess, is formed by  
25 virtue of my own experience. I, in various capacities, have





Russell Nelms - Cross

1 dealt with shareholders, in the context of bankruptcy cases,  
2 trying to remove officers, directors, or management when some  
3 of their activities begin to focus on the shareholders,  
4 themselves. And the recourse that the person who's in charge  
5 has to the bankruptcy court to challenge the legitimacy of  
6 that, the correctness of it, and if necessary, to move to  
7 convert the case to a different chapter, or to appoint a  
8 trustee based upon the efforts to remove. So, yes, I -- I --  
9 that's the basis of my belief.

10 Q. Is it your understanding that prior to your being  
11 appointed as the director, Goodman Networks, Inc. had no board  
12 of directors?

13 A. No, I don't have that belief.

14 Q. You think there was a board of (audio interference) with  
15 members?

16 A. I just -- the answer is, I just don't know one way or the  
17 other.

18 Q. Do you believe that you're the sole director at the  
19 moment?

20 A. I do believe that, yes.

21 Q. So before you were appointed director there -- director  
22 there was no -- there were no -- there's no board of  
23 directors; doesn't that follow?

24 A. Probably at -- yeah, at the -- at the moment of my  
25 appointment, my understanding is that there weren't other



Russell Nelms - Cross

1 directors. Now in some time earlier in relation to that had  
2 there been, I don't know. But at the time of my appointment,  
3 yes, I -- I wasn't being appointed as one among other  
4 directors.

5 Q. And if I were to tell you that the folks at the debtor  
6 have no idea who was on that board of directors when we've  
7 asked them those questions, would that surprise you?

8 A. I guess it would not surprise me.

9 Q. Yeah, you said earlier, and you said the same thing to us  
10 when we spoke by phone last week, that you want to be informal  
11 about this, and you don't need to send notices of deposition,  
12 you would just give the information to anybody when they  
13 requested it. Did you say something like that a little while  
14 ago?

15 A. I did.

16 Q. And isn't the fundamental issue there what information  
17 you actually have? Because I don't think you have any  
18 information, or am I wrong?

19 A. Well, as I sit here right now, I don't have a lot of  
20 information.

21 Q. Okay. And you said also, I think, in your testimony that  
22 in response to the (audio interference) the interim trustee's  
23 counsel that discovery is distracting. I believe there was  
24 some discussion about a email, and you said discovery is  
25 distract -- distracting, is that correct?



Russell Nelms - Cross

1 A. Yeah, I don't think that's a very controversial  
2 statement.

3 Q. Okay. But how do you -- how do you figure out the facts  
4 in this case without discovery?

5 A. Well, I guess one way to figure out the facts is to call  
6 you, Mr. Silverstein and see what you know, call Mr. Langley,  
7 see what he knows, call Mr. Goodman and see what he knows,  
8 check with my accountants to see what the records show. You  
9 know, I mean this goes back to my --

10 Q. There are no records.

11 A. -- this goes back to my days in the Army. In the Army we  
12 didn't have discovery. When I was a prosecutor and defense  
13 counsel, we didn't have any discovery. We called up people.  
14 We talked to people. That's really a pretty easy and  
15 effective way to do it. It's faster and it's cheaper.

16 Q. If people know anything, you're right. But all -- we've  
17 got no information. So when you say you'd talk to me, I don't  
18 know anything yet because basically it's been a total  
19 obfuscation of the facts, but -- so I don't know how you  
20 conclude that. It doesn't make sense.

21 A. Well, but you -- well, I do -- not to argue with you  
22 about this, Mr. Silverstein, but your --

23 Q. No, please do.

24 A. -- your claim is based upon some documents. How about if  
25 I give you a call, and ask if you can send those documents to



Russell Nelms - Cross

1 me? And how about if I have questions about that, you want to  
2 have a discussion about those documents? Can we do that?

3 Q. Yeah, that's not a controversy, and Mr. Schaffer could  
4 probably send you those documents as we're -- as we're  
5 cross-examining you right now; you'd have them in about five  
6 minutes.

7 A. I know but you were saying --

8 Q. But that's (indiscernible) --

9 A. -- how do I find things out, and that's -- that's how you  
10 find things out.

11 Q. But what our -- isn't it true that they're -- that the  
12 debtor had roughly sixty-odd million dollars in January of  
13 2022, and as of the -- according to the CFGI (sic) initial  
14 report, which I think you've seen, they had something like  
15 several hundred thousand dollars by the date the involuntary  
16 petition was filed.

17 MR. PARHAM: Once again --

18 Q. You're aware of that, aren't you?

19 MR. PARHAM: -- Your Honor, again (indiscernible) --

20 THE COURT: You're not being picked up.

21 MR. PARHAM: I'm sorry, I'm going to object on the  
22 basis of relevancy given the way we've limited this --

23 MR. SILVERSTEIN: Again, it's the same opening of the  
24 door that I (audio interference) before. I know you gave me  
25 some rope, Judge, I won't use that much more. But if I can



Russell Nelms - Cross

1 use a little bit -- my point -- the point I'm trying to make  
2 is that when sixty, seventy million dollars goes south, one  
3 has to figure out what happened. And when one figures out  
4 what happened, one has to dig, and one has to investigate.  
5 That's what we've been trying to do for the last four months,  
6 frankly, in connection with the discovery that's been  
7 occurring in this case, in addition to whether the petitioning  
8 creditors were eligible. So I'm just trying to make the point  
9 that Mister -- I'm just trying to get from Mr. Nelms the  
10 response to -- response to how do you figure out what happened  
11 in this train wreck here.

12 THE COURT: Okay. I'm going to sustain the  
13 objection, because I do believe that we're getting -- we're  
14 getting a little bit into what I would consider the futility  
15 arguments, the arguments about the pre- and post-petition  
16 activities. We're getting -- we're getting perilously close  
17 to that. I will allow you to ask the witness about what he  
18 would do. Although I believe we -- believe we may have -- if  
19 we haven't beat the horse, we have certainly been--

20 MR. SILVERSTEIN: Yeah.

21 THE COURT: -- angry with it. So let's --

22 MR. SILVERSTEIN: (Audio interference).

23 THE COURT: -- stay on task.

24 MR. SILVERSTEIN: Understood, Your Honor. (Audio  
25 interference) my rope on that. I get it.



Russell Nelms - Cross

1 THE COURT: All righty.

2 MR. SILVERSTEIN: I will not beat the horse -- I will  
3 not beat the horse anymore, and I apologize if I -- if I did.

4 BY MR. SILVERSTEIN:

5 Q. Mr. Nelms, do you think the debtor right now, between you  
6 as the independent director, or John Goodman right now could  
7 go out and borrow money on behalf of the debtor?

8 A. Can the debtor -- can I borrow money on behalf of the  
9 debtor; is that your question?

10 Q. Yeah, with an interim trustee in place -- with an interim  
11 trustee in place.

12 A. Well, not with a Chapter 7 trustee in place, no.

13 Q. Okay.

14

15 MR. SILVERSTEIN: I think I have a few more questions  
16 and I actually may ask Mr. Guffy if he has any follow up that  
17 I've missed.

18 MR. GUFFY: Just a couple.

19 BY MR. GUFFY:

20 Q. Mr. Nelms, as a director, who do you report to?

21 A. Well, as a director, you report to the board but I think  
22 the key word there is report.

23 MR. PARHAM: Your Honor, again, I think it's one  
24 lawyer per witness. It's your discretion but I think one  
25 lawyer per witness and handing it off to another --



Russell Nelms - Cross

1 MR. SILVERSTEIN: I'll ask the question, okay?

2 THE COURT: Okay.

3 BY MR. SILVERSTEIN:

4 Q. Mr. Nelms, to whom do you report?

5 A. The independent director reports to the board.

6 Q. But the board is just you. So you report to yourself?

7 A. I do.

8 Q. Who else is on the board?

9 A. Well, I guess let's ask the question this way.

10 Q. Why don't you answer the question?

11 A. Because your question is this, in a board -- if you're a  
12 board, who reports to the board? I guess I'm chasing my tail  
13 a little bit on that question.

14 Q. Yeah, I'm not understanding the answer.

15 A. Again, I --

16 Q. To whom do you report?

17 A. I'm the board.

18 Q. Do you report to John Goodman since he is --

19 A. The board --

20 Q. -- the consultant slash --

21 A. -- the board --

22 Q. -- CEO? Do you?

23 A. I guess -- you know, I'm sorry. I guess I misunderstood  
24 Mr. Guffy's question. I apologize for that. I -- I'm -- I  
25 thought he was asking as a board member, who do I report to.



Russell Nelms - Cross

1 And the -- and -- and the independent director, the board,  
2 reports to the shareholders. So I report to the shareholders.

3 Q. Who have a right to fire you because they appointed  
4 you --

5 A. I'd say that's --

6 Q. -- and that's to whom you (audio interference)?

7 A. I'd say that because this debtor is in -- is in  
8 bankruptcy, that right is qualified.

9 Q. And where is that written?

10 A. It's written in my mind. It's a good mind.

11 MR. SILVERSTEIN: Again, Your Honor, if I could have  
12 a little more rope and just let Mr. Guffy finalize any  
13 questions he had, notwithstanding Mr. Parham's objection, I  
14 would appreciate that. I would have been there in person had  
15 I seen this witness and exhibit list. I'm a little  
16 handicapped here because I was not expecting testimony. So if  
17 you could indulge me, have Mr. Guffy finish up, that would be  
18 great. If not, I understand.

19 THE COURT: All right. But let's make sure we're not  
20 repetitive.

21 Anything further, Mr. Guffy?

22 MR. GUFFY: Just one additional question, Your Honor.

23 BY MR. GUFFY:

24 Q. Mr. Nelms, under your understanding, who did John Goodman  
25 report to as a consultant before you were appointed?





Russell Nelms - Cross

1 A. Well, Mr. Goodman's -- as I understand it, his services  
2 were spread across the debtor and its two subsidiaries. But  
3 the subsidiaries as I understand it are wholly-owned  
4 subsidiaries of GNI. So he reported to the shareholders of  
5 GNI.

6 MR. GUFFY: Thank you. Nothing further from me.

7 THE COURT: Thank you very much.

8 MR. SILVERSTEIN: Thank you, Your Honor, for the  
9 indulgence.

10 THE COURT: You're welcome.

11 All righty. I'll go now to Mr. Langley.

12 Mr. Langley, cross-examination for the witness?

13 MR. LANGLEY: Yes. Thank you, Your Honor.

14 CROSS-EXAMINATION

15 BY MR. LANGLEY:

16 Q. Mr. Nelms, good afternoon and thank you for being here.  
17 Can you go back to your engagement letter and tell me who  
18 signed that engagement letter?

19 A. The engagement letter was signed by John Goodman.

20 Q. And in what capacity was he signing?

21 A. This is Exhibit 3, correct?

22 Q. It is, yes. And you can, by all means, refer to it.

23 A. He signed in the capacity of Goodman MBE -- MBE Group  
24 representative.

25 Q. And what is your knowledge regarding that entity?



Russell Nelms - Cross

1 A. I have no knowledge about that entity.

2 Q. And what made you assume that you had authority based on  
3 this signature then?

4 A. Well, because I had -- I had specifically broached the  
5 question of authority with Mr. Goodman. Originally, when I  
6 drafted this, he had indicated that he would sign in the  
7 capacity, I believe, as consultant. I told him that I -- I  
8 mean, that didn't sound right to me. And so that -- that they  
9 needed to basically review their own authority and to let me  
10 know exactly what that authority was. So that's -- this is --  
11 this comes from Mr. Goodman.

12 Q. And I'll ask Ms. Carson to assist me here. I don't  
13 believe the consulting agreement for Mr. Goodman's been  
14 entered into the record.

15 MR. LANGLEY: Ms. Carson, do you have a copy of that  
16 we can present to Mr. Nelms?

17 And I'll refer to everyone else it is document 8 in  
18 the exhibits that we submitted.

19 THE COURT: All righty.

20 Ms. Carson, do you have an exhibit binder for the  
21 witness?

22 MS. CARSON: Um-hum. He has it.

23 THE WITNESS: Oh, I'm sorry. Thank you.

24 THE COURT: Thank you very much, Ms. Carson.

25 Q. Mr. Nelms, I believe you testified you had seen the



Russell Nelms - Cross

1 consulting agreement with Mr. John Goodman. Is that correct?

2 A. Yes.

3 Q. And as Exhibit 8 here, that we've just identified, is  
4 that the consulting agreement you were referencing?

5 A. It is. This differs from the one that I saw. The ones  
6 that I saw did not have signatures on it.

7 Q. So to follow up then, you understood that Mr. Goodman was  
8 acting for the debtor pursuant to a consulting agreement that  
9 you never saw the signatures?

10 A. No, as a matter of fact --

11 Q. Is that correct?

12 A. -- I think I testified to the opposite. What I said was,  
13 his capacity when he originally mentioned it to me was  
14 consultant. And I said that I didn't think that consultant  
15 was sufficient. That's when they changed it to, what Goodman  
16 MBE or whatever. So no. The answer's no.

17 Q. Okay. And Mr. John Goodman -- let me go and back up.  
18 You indicated that you had seen the consulting agreement but  
19 it was not signed, correct?

20 A. Correct.

21 Q. Okay. And if we turn to the back of this document, are  
22 there signatures?

23 A. Yes, this document has signatures.

24 Q. Do you have reason to believe those signatures aren't  
25 authentic?



Russell Nelms - Cross

1 A. I have no reason to believe that these are not authentic.

2 Q. Okay. Do you have any reason to believe they are  
3 authentic?

4 A. No.

5 Q. Do you know signed on behalf of Goodman Networks?

6 A. This is -- according to this, it's a person named  
7 Samantha Sondrup.

8 Q. Okay. And what is her position?

9 A. This document says chief of staff.

10 Q. What is your understanding of that role at the debtor?

11 A. I have no understanding of that.

12 Q. Do you know if Ms. Sondrup was an officer of the debtor?

13 A. I do not know.

14 Q. Do you know if Ms. Sondrup was a director of the debtor?

15 A. At the time of this -- that this was executed? Or at any  
16 time? I guess the answer -- the answer to the question is --

17 Q. At the time this was executed.

18 A. -- it kind of doesn't make any difference. I just don't  
19 know.

20 Q. And do you know if Ms. Sondrup was a shareholder of the  
21 debtor at this time?

22 A. Please ask again. I'm sorry.

23 Q. Do you know if Ms. Sondrup was a shareholder of the  
24 debtor at the time she signed this consulting agreement?

25 A. I don't know.



Russell Nelms - Cross

1 Q. Do you have any reason to dispute the testimony of Mr.  
2 Konicov, who was the debtor's 30(b)(6) witness when he said  
3 that Ms. Sondrup was an administrative person at the debtor?

4 A. Well, first of all, I don't know what Mr. Konicov  
5 testified to but I don't have any reason to dispute anything  
6 that he said because I don't know what he said.

7 Q. But specifically, you wouldn't have any information that  
8 would dispute that Ms. Sondrup was an administrative person at  
9 the debtor?

10 A. I have no knowledge about that topic at all.

11 Q. Let's turn back to the first page of this consulting  
12 agreement and there's a section 1A that talks about services.  
13 I believe Mr. John Goodman is employed, pursuant to this  
14 consulting agreement. What services does it identify -- and  
15 I'd ask you to read section 1A.

16 A. 1A? Did you want me to read this into the record?

17 Q. Yes, please.

18 A. Okay. "In exchange for the consultant fee, consultant  
19 agrees to use its commercially reasonable efforts to perform  
20 advisory and consulting services from time to time that are  
21 customarily associated with executive management, financial  
22 counsel and review, capital structure, and potential capital  
23 raises, and overall business strategy, and shall include but  
24 not necessarily be limited to the following defined as the  
25 services.



Russell Nelms - Cross

1 "One, consultant shall provide advisory services related  
2 to all legal, financial, personnel, and operational decisions  
3 for company and its affiliates and subsidiaries. Two,  
4 consultant shall provide other services as may be reasonably  
5 requested by the company during the term of this agreement."

6 Q. Okay. And is this services what you believe authorized  
7 Mr. John Goodman to sign your engagement letter?

8 A. I haven't been -- I'll tell you -- I didn't rely on the  
9 consulting agreement for this reason -- for that purpose.

10 Q. Let's look at --

11 A. I mean, so if you want to cut the --

12 Q. -- section 1B. Can you read --

13 A. I'll -- let me, you know, I'll help you here. And maybe  
14 I shouldn't help you here, but if you're -- if all -- this  
15 question goes to what investigation of authority did I do with  
16 respect to the execution -- execution of my retention  
17 agreement, I did not do anything.

18 Q. Okay. And in section 1B, can you read that section?

19 A. "The company will not control, direct, or otherwise  
20 supervise consultant's performance of the services, and there  
21 are no requirements that consult provide a reasonable number  
22 of hours or days per week, provided however that consultant  
23 shall use its commercially reasonable efforts to perform the  
24 services."

25 Q. Okay. And based on this section 1B, do you think John



Russell Nelms - Cross

1 Goodman had any oversight from the company?

2 A. Okay. When I -- did John Goodman have any oversight of  
3 the company? And here, the company's defined as Goodman  
4 Networks, Incorporated. I assume he did but again, I haven't  
5 investigated that topic.

6 MR. LANGLEY: Your Honor, I would move to have this  
7 consulting agreement entered into the record as -- I don't  
8 know what exhibit we're on but whatever exhibit is next.

9 THE COURT: All right. Thank you very much, Mr.  
10 Langley.

11 Is there any objection to the admission of FedEx's  
12 Exhibit 8, which can be found at docket 147-8? Hearing no  
13 objection, FedEx Exhibit 8 -- again, at docket 147-8 -- is  
14 hereby admitted.

15 (Consulting Agreement was hereby received into evidence as  
16 Creditor's Exhibit 8, as of this date.)

17 Q. Judge Nelms, there's a 450,000-dollar nonrefundable fee  
18 in this consulting agreement. Do you have any knowledge about  
19 whether that was paid or not?

20 A. I do not have any knowledge about that.

21 Q. Okay have you investigated with Mr. Goodman that fee?

22 A. I've not investigated that fee with Mr. Goodman.

23 Q. Have you investigated any fees received by Mr. Goodman  
24 related to his operations related to this company?

25 A. I have not.



Russell Nelms - Cross

1 Q. Have you investigated any transfers to Mr. Goodman or any  
2 related or affiliated entities of Mr. Goodman received --

3 MR. PARHAM: Your Honor, again --

4 MR. LANGLEY: -- from the company?

5 MR. PARHAM: -- I think I would object.

6 THE COURT: (Indiscernible).

7 MR. PARHAM: I think in his direct -- I'm sorry, I'll  
8 move (indiscernible) -- in his direct, he indicated that  
9 because the order for relief was entered, literally within an  
10 hour or so after he was assigned, he hasn't done any  
11 investigations into any of these transfers. So I don't know  
12 what -- I think this is just -- I would object that it's  
13 duplicative.

14 THE COURT: Okay. Thank you very much, Mr. Parham.  
15 Mr. Langley, were you able to hear the objection?

16 MR. LANGLEY: Yes, Your -- yes, Your Honor, he has  
17 testified over and over that he's relying on John Goodman,  
18 almost providing character testimony to him. And I want to  
19 understand the basis that he has to think that Mr. Goodman has  
20 any role in capacity of this and that it can be done in good  
21 faith for the benefit of creditors. I mean, we're talking  
22 about authority to file and I want to understand that  
23 authority.

24 THE COURT: Okay. I think the goal and the line of  
25 questioning you just stated is a little bit different than the





Russell Nelms - Cross

1 question that you asked. So I'm going to --

2 MR. LANGLEY: Well, let me strike that. I'll try  
3 to --

4 THE COURT: Okay. And look, I think that the  
5 objection to the line of questioning on what have you done to  
6 investigate Mr. Goodman or alleged transfers, has been asked  
7 and answered. Given the timing of the engagement agreement to  
8 the order for relief, I think that the witness has credibly  
9 testified, very little if anything, if not just because of the  
10 timing. So I'm going to ask that you -- that we not kind  
11 of --

12 MR. LANGLEY: I'll move on --

13 THE COURT: -- hit that again.

14 MR. LANGLEY: -- I'll move on. Yep.

15 THE COURT: But I do understand the line of  
16 questioning that you articulated in your response to the  
17 evidentiary objection and I'll let you pursue that.

18 Q. Your Honor -- or excuse me, Your Honor -- Judge -- Mr.  
19 Nelms, have you done anything to confirm that Mr. Goodman had  
20 authority to transfer cash or other assets to himself, or  
21 related entities and affiliates?

22 A. I haven't done that. Just -- I just want to make sure  
23 everybody understands this because I checked this. My  
24 engagement letter was signed -- I received it at 1:26 on that  
25 Monday. I think it was December the 12th, a week ago today.



Russell Nelms - Cross

1 The order for conversion was entered at 1:46. So anything  
2 that happened in between those twenty minutes, I can pretty  
3 much tell you, I didn't do it.

4 Q. Mr. Nelms, I'm going to refer you back to the written  
5 consent that I believe was Debtor's Exhibit 1 and ask you to  
6 turn to the signature page. Let me know when you're there.

7 A. I'm sorry. Tell me again what I'm looking at, please.

8 THE COURT: He said Debtor's 1.

9 A. Debtor's 1.

10 THE COURT: The written consent.

11 Q. I believe it's the written consent of the voting  
12 shareholders in lieu of a meeting.

13 A. Okay, I'm looking at --

14 Q. Were you able to find it?

15 A. I'm looking at Exhibit 1.

16 Q. Okay. Would you turn to the signature page?

17 A. Yes.

18 Q. Okay. At the bottom of the signature page, there's a  
19 italicized statement. Would you please read that?

20 A. The footer?

21 Q. Yes.

22 A. "Signature page to Goodman Networks voting shareholders  
23 written consent, dated 2/24/22."

24 Q. Do have any knowledge of whether that date is accurate or  
25 not?



Russell Nelms - Cross

1 A. Well, yeah, I think I do have knowledge about that.

2 Q. And what is that knowledge?

3 A. That -- my knowledge is that that date's not accurate.

4 Q. And what do you base that on?

5 A. I base it on the fact, and I mentioned this in response  
6 to questions by Mr. Rukavina earlier. On this Monday, as the  
7 signature pages were being -- Mr. John Goodman was trying to  
8 procure the signatures of other parties during the course of  
9 the day to this agreement. And so there was correspondence  
10 between him and the other Goodmans. We were receiving -- Mr.  
11 Parham and I were receiving copies of this. So I could  
12 actually see these being exchanged coming back and forth on  
13 December the 12th.

14 Q. Did you see any of the parties to this agreement, or to  
15 this written consent, sign it?

16 A. No, I didn't.

17 Q. Okay. Do you have any knowledge that these weren't  
18 signed back in February of -- 24 of 2022?

19 A. Well, my experience in this case would suggest to me that  
20 they weren't but if you're saying can I swear on a stack of  
21 Bibles, the answer is no.

22 Q. And did -- on this first one, did James Goodman provide  
23 this copy to you?

24 A. No.

25 Q. This first signature page?



Russell Nelms - Cross

1 A. I think I received -- I think I've received copies  
2 from -- all the copies from John.

3 Q. So other than John Goodman, you did not receive a  
4 signature page from any of the other signatories. Is that  
5 correct?

6 A. I don't think that I did but then again, I wasn't  
7 checking that carefully to see who the sender was.

8 Q. And to confirm, though, you did indicate that at least  
9 one of the signatures you believe was sent after the order for  
10 relief was entered, correct?

11 A. Yes, I think that's correct.

12 Q. Mr. Nelms, can you fire John Goodman as consultant?

13 A. Yes.

14 Q. And on what basis do you say that?

15 A. Because John Goodman and I have agreed to that.

16 Q. And is that agreement in writing?

17 A. No, it's oral.

18 Q. Can the Goodman shareholders that are identified on this  
19 written consent, fire you?

20 A. They can try.

21 Q. Your engagement letter calls for a 150,000-dollar  
22 retainer. You indicated that one of the written consents was  
23 not provided until after the order for relief. Were you paid  
24 your retainer?

25 A. Yes. I think I received my retainer at 1:26 on Monday,



Russell Nelms - Cross

1 which was twenty minutes before the order for relief.

2 Q. Do you know who paid your retainer?

3 A. I know that John Goodman was responsible for its payment.

4 I don't know the source of the funds.

5 Q. When you say responsible, was he responsible as a  
6 capacity for the debtor, or was he responsible in some other  
7 capacity?

8 A. I don't know.

9 Q. And you did not see -- just to confirm, you did not see  
10 the source of funds? Is that correct?

11 A. I did not see the source of funds, no.

12 Q. Have you seen any operating agreement for GNET ATC LLC?

13 A. Operating statements?

14 Q. I'll repeat it. Have you seen an operating agreement for  
15 GNET ATC LLC?

16 A. No, I have not.

17 Q. Have you seen an operating agreement for Multiband Field  
18 Services LLC?

19 A. No.

20 Q. Have you seen any governance documents related to the two  
21 subsidiaries of the debtor?

22 A. I have not.

23 Q. Have you seen any governance documents other than the  
24 written consent that authorizes you to file this Chapter 11  
25 petition -- have you seen any governance documents to --



Russell Nelms - Cross

1 related to the debtor?

2 A. I have not.

3 MR. LANGLEY: Your Honor, I pass the witness.

4 THE COURT: Thank you very much, Mr. Langley.

5 Ms. Sixkiller, any cross examination for the witness?

6 MS. SIXKILLER: Yes, Your Honor, briefly. I hope I  
7 remember some of the exhibit numbers so I apologize if I get  
8 that wrong but --

9 CROSS-EXAMINATION

10 BY MS. SIXKILLER:

11 Q. Mr. Nelms, pleasure to meet you. Sorry I'm not in the  
12 court today. Can you hear me clearly?

13 A. I can. I can hear you well.

14 Q. Section 1B of the consulting agreement was reaffirmed in  
15 Exhibit 1, the shareholder consent. Is that correct?

16 A. That's correct.

17 Q. And it was reaffirmed without modification, is that  
18 right?

19 A. Yes, it was.

20 Q. Okay. Exhibit 1, the shareholder consent. It also  
21 grants authority to others to act besides reaffirming that  
22 consulting agreement, right?

23 A. My recollection is that it does.

24 Q. Okay. So Akerman, for example, in the third resolution  
25 on page 2 of Exhibit 1, that is one of the, I guess, entities



Russell Nelms - Cross

1 that is given some authority by the shareholders, correct?

2 A. That's correct.

3 Q. They were retained as attorneys for the corporation and  
4 subsidiaries in the, I guess, yet to be filed voluntary  
5 bankruptcy case, is that right?

6 A. Yes, that's correct.

7 Q. They're also though retained, not just as bankruptcy  
8 counsel, but also "as general corporate counsel and for all  
9 other relevant purposes." Did I read that correctly?

10 A. That's correct.

11 Q. Okay. So their authority wasn't limited to the  
12 bankruptcy proceeding?

13 A. No, that's correct. By the virtue of that document, I  
14 think that's right.

15 Q. Okay. Then, LainFaulkner company in the fourth  
16 resolution. That entity was also given some authority over  
17 the debtor and subsidiaries by the shareholders in Exhibit 1,  
18 correct?

19 A. Yes.

20 Q. And that authority, though also was not limited to the  
21 bankruptcy proceeding, is that right?

22 A. That's correct.

23 Q. Yeah, it was also retained for "for all relevant  
24 purposes". Is that right?

25 A. That's my recollection, yes.



Russell Nelms - Cross

1 Q. And for you, Mr. Nelms, we can see the authority you were  
2 granted by the shareholders discussed in three resolution  
3 clauses, I believe, starting with the first one on the -- it's  
4 the last resolution on page 1 of Exhibit 1. Is that right?

5 A. Hang on just a second, please.

6 Q. It's okay. I know it's hard to describe them so it's the  
7 first -- it's the last resolution on page 1. That is one of  
8 the resolutions discussing your --

9 A. Yes, that's --

10 Q. authority. Is that correct?

11 A. Yes, that's correct.

12 Q. Okay. And that one is limited to in connection with or  
13 related to the voluntary bankruptcy case, is that right?

14 A. Correct.

15 Q. Okay. And the second clause giving you authority is the  
16 fifth resolution clause on page 2 of Exhibit 1. Is that  
17 right? We jumped down to there to see your next resolution  
18 giving you authority.

19 A. Would you ask that question again, please?

20 Q. Sure. The next resolution in the shareholder consent,  
21 Exhibit 1, that gives you, Mr. Nelms, authority with regard to  
22 the debtor or subsidiaries is the fifth resolution clause on  
23 page 2. Is that right?

24 THE COURT: Page 2, right under the LainFaulkner.

25 THE WITNESS: Right under LainFaulkner, excuse me.





Russell Nelms - Cross

1 Okay.

2 THE COURT: It's easier to eyeball. Right under that  
3 one is the --

4 THE WITNESS: I see what you're saying.

5 THE COURT: There you go.

6 A. Yes. You know, obviously, the -- the document speaks for  
7 itself.

8 Q. Yes. There's a saying in Arizona, though, not to  
9 disagree too much but we actually modified one of our rules.  
10 That's where I normally practice. It says the documents don't  
11 speak. It's in Rule 8 so sorry if I'm going over things a  
12 little too much. But in that fifth resolution clause, it  
13 limits your authority -- the one right under the one for the  
14 Faulkner -- it limits your authority to "in connection with  
15 the voluntary bankruptcy case and the subsidiaries bankruptcy  
16 cases on such terms as are deemed necessary, proper, or  
17 desirable". Is that right?

18 A. That is my recollection, yes.

19 Q. Okay. And then, the last resolution giving you, Mr.  
20 Nelms, authority is the one right below that. Is that right?

21 A. Is the -- is this the next to the last further resolved  
22 on page 2?

23 Q. Yeah. It's the one that says -- let me see if I can find  
24 my exact number. It's right below the one we just read so you  
25 have the LainFaulkner one and then the clause two for your



Russell Nelms - Cross

1 authority is below that, independent director, we just went  
2 over. And it is the third one with your authority is right  
3 below that. It's the second -- it's the third from the last  
4 on page --

5 A. I see it.

6 Q. -- 2.

7 A. Okay. And --

8 Q. Okay.

9 A. -- your question about this one was?

10 Q. This one is limited -- limits your powers to prosecute --  
11 "to prosecute the involuntary bankruptcy case and to carry out  
12 and put into effect the purposes of the foregoing resolutions  
13 and the transactions contemplated by these resolutions". Is  
14 that right?

15 A. Yes.

16 Q. Okay. And the transactions contemplated in the  
17 shareholder consent is the filing of bankruptcy or the  
18 converting of the involuntary bankruptcy, right?

19 A. Yes.

20 Q. Okay. So the day-to-day decisions of the company, like  
21 hiring and firing, that is not vested in you by the  
22 shareholders, correct?

23 A. Well, no, I guess I disagree with that.

24 Q. It's a yes or no, sir.

25 A. I would disagree but --



Russell Nelms - Cross

1 Q. Where in here does it vest you as not -- authority to  
2 take the actions outside of the prosecution of the bankruptcy  
3 in connection with the yet to be filed voluntary bankruptcy  
4 and -- yeah, that's the other two clauses. So in connection  
5 with the voluntary bankruptcy, or the involuntary bankruptcy,  
6 where does it give you other authority?

7 A. Well, if you look at my engagement agreement, and again,  
8 I drafted the agreement, the engagement letter to basically  
9 give me all of the powers of a debtor-in-possession under  
10 Title XI of the United States Code. And so --

11 Q. But that language -- oh, sorry, sir. Didn't mean to cut  
12 you off.

13 A. No, but it's -- I'm acting pursuant to that -- I'm --  
14 debtors-in-possession hire professionals. They fire  
15 professionals. They operate the business in its ordinary  
16 course of business. They ask courts for permission to do  
17 things that are not in the ordinary course of business. I  
18 mean, I'm having a hard time thinking of something that would  
19 not be embraced within the context of that engagement letter.

20 Q. But sir, you would agree that it was possible for the  
21 shareholders to put that language in the shareholder consent  
22 and yet they did not. Correct?

23 A. They could have put that in there.

24 Q. Okay. And they did not put that in the shareholder  
25 consent, did they?



Russell Nelms - Cross

1 A. They didn't.

2 Q. Okay. They also, in there again, as we've gone -- I  
3 guess, a couple folks have gone over, but they reaffirmed the  
4 consulting agreement, which I think is Exhibit 8, with John  
5 Goodman. Correct?

6 A. Yes, I believe that's in here. Yes.

7 Q. Okay. And that is the second resolution clause on page  
8 2. And in that clause, the shareholders did not modify or  
9 change that consulting agreement at all, did they?

10 A. There was no change.

11 Q. Okay. So they reaffirmed it as it was written. And so  
12 it -- to the extent it conflicts with the shareholder consent,  
13 you would agree that it has -- it overrides your authority,  
14 right?

15 A. No. I would not agree with that.

16 Q. Okay. So --

17 A. I mean, let's put this --

18 Q. -- as for the --

19 A. -- and I'll tell you the reason why. It's an executory  
20 contract. Right? I can either assume or reject that  
21 executory contract anytime -- anytime I want to. So I  
22 wouldn't say that it overrides my powers. No.

23 Q. In that third clause, outlining your authority, it said  
24 that one of your roles was to put into effect the purpose of  
25 the foregoing resolutions. Correct?



Russell Nelms - Cross

1 A. Yeah, I'm going to take your word for it, yes.

2 Q. Okay. And one of those resolutions is that the authority  
3 of John Goodman granted pursuant to the terms of the certain  
4 consulting agreement shall continue in full force and effect  
5 in accordance with the terms thereof. Correct? That's one of  
6 the resolutions?

7 A. I'm sure that it says that, yes.

8 Q. Okay. So as far as terminating the consulting agreement,  
9 you're contending you have an oral agreement with John Goodman  
10 but you don't have the agreement of the shareholders.  
11 Correct?

12 A. About -- with respect to my firing John?

13 Q. Well, to terminate the consulting agreement.

14 A. Yeah, that's found -- that's found squarely within the  
15 concept of an executory contract in Title XI. It's  
16 rejectable.

17 Q. Okay, in Title XI but what I'm saying is on this  
18 shareholder consent, the shareholders did not give you  
19 authority to terminate the consulting agreement, correct?

20 A. They gave me the authority to do everything I need to do  
21 in Title XI and that includes rejecting that contract.

22 Q. And what you're pointing to for that is the engagement  
23 letter, correct?

24 A. I'm sorry, say again.

25 Q. When you're saying they gave you all the authority under



Russell Nelms - Cross

1 Chapter 11, or Title XI, you're saying -- you're referring to  
2 the engagement letter, correct?

3 A. I'm sorry. There's got two things going on here. Number  
4 one, I'm sorry. I'm just hearing you electronically. And  
5 number two, I'm sorry, I did not wear my hearing aids today so  
6 I don't hear any -- very well anyway but -- I hate to keep  
7 asking you to repeat yourself but would you do that please?

8 Q. Certainly. The authority that you're saying that they  
9 gave you under Title XI, that comes from the engagement  
10 letter, correct?

11 A. It does come from the engagement letter, yes.

12 Q. Okay. They did not lay out that authority in the  
13 shareholder consent, correct?

14 A. You know, I have to tell you. I have not sat down and  
15 parsed the language of this -- of this written consent here  
16 and overlayed it with the engagement letter. So if there are  
17 inconsistencies there, then -- then they are there. I can  
18 tell you what I understand my authority --

19 Q. You can't --

20 A. -- to be but if you want me to say how well is this  
21 consistent with that -- they may not be fully consistent.

22 Q. Okay. Thank you.

23 MS. SIXKILLER: No further questions at this time.

24 THE COURT: Thank you very much, Ms. Sixkiller.

25 Is there anyone else who wishes to cross-examine the



Russell Nelms - Cross

1 witness?

2 MR. SCHAFFER: Yes, Your Honor.

3 THE COURT: Mr. Schaffer?

4 MR. SCHAFFER: Your Honor, Eric Schaffer for UMB Bank  
5 as indenture trustee. Thank you, Your Honor.

6 CROSS-EXAMINATION

7 BY MR. SCHAFFER:

8 Q. Mr. Goodman (sic), you testified about the debtor's need  
9 for cash to fund the case, I believe. Do you understand that  
10 UMB Bank has not consented to the use of cash collateral?

11 A. Yes, I understand that.

12 MR. SCHAFFER: No further questions. Thank you.

13 THE COURT: Thank you, Mr. Schaffer.

14 Anyone else wish to cross-examine the witness? All  
15 righty.

16 Redirect, Mr. Parham?

17 MR. PARHAM: Just with respect to the last -- just  
18 one question with respect to the last question that Ms.  
19 Sixkiller asked.

20 REDIRECT EXAMINATION

21 BY MR. PARHAM:

22 Q. Mr. Nelms, if you go to, again, Exhibit 1 and the last  
23 paragraph -- the last further resolved.

24 A. I'm sorry --

25 THE COURT: The shareholder consent.



Russell Nelms - Redirect

1 A. Could you -- could you get a little bit closer to that  
2 microphone of yours?

3 Q. I'm sorry.

4 A. Because I can't hear.

5 Q. Okay. The first -- Exhibit 1 --

6 A. Yes.

7 Q. The shareholder consent.

8 A. Okay. I'm looking at Exhibit 1.

9 Q. Okay. And so if you go down to the last paragraph on the  
10 first page, the last further resolved.

11 A. Yep.

12 Q. Okay. And you look at the powers granted by the  
13 shareholders to the independent director. And if you just  
14 read that. Yes, do you think that gives you the powers  
15 consistent with what is in your engagement letter?

16 A. My reading of this document, when I received it and when  
17 I reviewed it, was that it was consistent with my engagement  
18 letter.

19 MR. PARHAM: Okay. No further questions, Your Honor.

20 THE COURT: Thank you very much, Mr. Parham.

21 Does this conclude all the questions for the witness?

22 All righty. It is 1:08 and I'm about to start chewing on my  
23 legal pad if I don't get some food pretty soon. And so how  
24 long would the parties like to -- I mean, Mr. Parham, do you  
25 have any other witnesses or evidence to put on today?





Colloquy

1 MR. PARHAM: No, Your Honor.

2 THE COURT: No? Okay.

3 MR. RUKAVINA: Your Honor, I'm going to have just a  
4 few questions for Mr. Goodman.

5 THE COURT: Okay. All righty. So what we're going  
6 to do is, we are going to take a break and obviously, we've  
7 gone well into the -- that a normal lunch hour -- so we're  
8 going to return at 2:15. All righty?

9 THE CLERK: All rise.

10 (Recess from 1:09 p.m. until 2:22 p.m.)

11 THE CLERK: All rise.

12 THE COURT: Please be seated. All right, ladies and  
13 gentlemen. We're going to go back on the record in case  
14 number 22-31641, Goodman Networks.

15 As I recall, when we broke for the lunch hour, we had  
16 just concluded the debtor's presentation of evidence; is that  
17 my understanding?

18 MR. PARHAM: Your Honor, we --

19 THE COURT: Mr. Parham?

20 MR. PARHAM: -- we concluded Mr. Nelms and I was not  
21 going to ask Mr. Goodman questions, but I think I would like  
22 to ask Mr. Goodman just a very short set of questions if it's  
23 all right?

24 THE COURT: Okay. Fair enough. All righty.

25 Mr. Goodman, I'll ask that you raise your right hand



John Goodman - Direct

1 for me.

2 (Witness sworn)

3 THE COURT: I need you to unmute your audio.

4 MR. GOODMAN: Oh. I'll do it again, sorry.

5 THE COURT: Ah, that's okay. Were you able to hear  
6 the oath?

7 MR. GOODMAN: I was. I do.

8 THE COURT: Okay. Thank you very much.

9 MR. PARHAM: Okay.

10 THE COURT: Mr. Parham?

11 DIRECT EXAMINATION

12 BY MR. PARHAM:

13 Q. Yeah. Mr. Goodman, I just have a very few questions I  
14 want to ask you. First of all, are you familiar with the  
15 shareholders of Goodman Networks, Inc.?

16 A. Yes, I am.

17 Q. Okay. And would that be James Goodman, Joseph Goodman,  
18 Jonathan Goodman, Jason Goodman, and the Goodman MBE Group,  
19 LLC?

20 A. Yes, it would be.

21 Q. Okay. And does that constitute all of the shareholders  
22 of Goodman Networks?

23 A. It does.

24 Q. Okay. And with --

25 A. The -- I'm sorry, the -- I'm sorry, the majority



John Goodman - Direct

1 shareholders, not all of the shareholders.

2 Q. Okay, so there are other shareholders, but this would  
3 constitute a majority?

4 A. It would constitute a majority, yes.

5 Q. Okay.

6 A. Are you asking of the entire company or just the MBE  
7 Group? I just want to be clear. And let me turn up my volume  
8 because I can't hear you very well.

9 Q. Okay.

10 A. I'm sorry. Let me turn it up. Can you -- can you ask  
11 the question again, please?

12 Q. Okay. I'm asking for the entire company. For the  
13 entire -- as opposed to the Goodman MBE Group. For the entire  
14 company, do the directors, James Goodman, Joseph -- not  
15 directors, shareholders -- James Goodman, Joseph Goodman,  
16 Jonathan Goodman, Jason Goodman, and the MBE Group, do they  
17 constitute a majority of the outstanding shares of Goodman  
18 Networks, Inc.?

19 A. They would, yes.

20 Q. Okay. And Goodman MBE GP, LLC, are you familiar with  
21 that entity?

22 A. I am.

23 Q. Okay. And what percentage of the shares of Goodman  
24 Networks, Inc. does Goodman MBE Group, LP hold?

25 A. A majority.



John Goodman - Direct

1 Q. Okay.

2 A. It would be roughly -- I don't know the exact number, but  
3 it's going to be greater than fifty percent. So there is the  
4 Goodman MBE Group, LLC and then there is the Goodman MBE  
5 Group, LP. The majority voting stock of Goodman Networks is  
6 held in the LP. The LLC is the general partner from my --  
7 from my understanding.

8 That was put together in 2017 in agreement with the  
9 bondholders and the restructure in 2017. It was required by  
10 the bondholders in order to preserve the MBE component of  
11 Goodman Networks at the time. So this should be common  
12 knowledge to the bondholders' counsel and all of the  
13 bondholders.

14 Q. Okay.

15 A. It's in all the restructure documents -- the pre-packaged  
16 restructure documents in 2017.

17 Q. Okay. And when you say the MBE, you're talking about the  
18 minority business enterprise?

19 A. It's a minority business enterprise. The Goodman  
20 Networks was founded in 2000. We were founded on the basis of  
21 being a minority business entity -- a Hispanic business  
22 entity -- and a lot of our contracts depended on our minority  
23 business designation. So we have been a minority business  
24 entity since inception.

25 Q. Okay. Are you familiar with Jody Goodman?



John Goodman - Direct

1 A. I am.

2 Q. Okay. And is he an authorized signer for the Goodman MBE  
3 Group GP, LLC?

4 A. He is.

5 Q. Okay. And he actually signed the consent agreement for  
6 Goodman MBE GP, LP, right, LLC -- excuse me, and LP, correct?

7 A. In reference to my -- in reference to the consent and the  
8 consulting agreement, if that's what you're referring to, yes,  
9 he did.

10 Q. Yes, that's exactly what I was referring to. And you're  
11 familiar with the written consent that was executed on  
12 December 12th?

13 A. I am.

14 Q. Okay. And you actually went and got signatures from the  
15 various voting shareholders, correct?

16 A. I did so via email. I called each of them, explained to  
17 them the situation, they requested that I step in and help the  
18 company. So I spoke with them on the phone and sent them the  
19 request via email after speaking with them and received their  
20 signatures via email.

21 Q. Okay. And with respect to Mr. Nelms' engagement letter,  
22 you also signed that -- you signed that as Goodman MBE Group  
23 representative, correct?

24 A. I did.

25 Q. Okay.



John Goodman - Direct

1 A. Yes.

2 Q. And is the group representative, is that -- can you  
3 explain that designation?

4 A. Yes. That was authorized by the Goodman MBE Group. It  
5 gave me the authority to hire consultants or other people into  
6 the company to help represent the company.

7 Q. Okay. Okay.

8 MR. PARHAM: No further questions, Your Honor.

9 Thank you, Mr. Goodman.

10 THE COURT: Thank you, Mr. Parham.

11 THE WITNESS: Thank you.

12 THE COURT: Mr. Rukavina?

13 MR. RUKAVINA: Your Honor, I was going to have  
14 questions of Mr. Goodman probably on direct, but if I can do  
15 it now, if the Court will give me some latitude, or I can  
16 reserve questions for direct?

17 THE COURT: All right. Any objection to Mr.  
18 Rukavina, basically, crossing the witness beyond the scope of  
19 direct?

20 MR. PARHAM: Well, given the nature of this hearing,  
21 I would not want to say beyond the scope of direct without  
22 hearing what the questions are. As long as it's within the  
23 scope of this hearing, which goes to shareholder authorities,  
24 I don't care. But I want to reserve the right if we start  
25 going afield and talking into other subjects.



John Goodman - Direct

1 THE COURT: All right. Well, what I'll have Mr.  
2 Rukavina do then is to cross-examine him at this time and he,  
3 as he said, has reserved the right to recall him.

4 MR. RUKAVINA: Okay.

5 THE COURT: Okay?

6 THE WITNESS: Your Honor, since I can hardly hear  
7 David -- David, if there is anything that I cannot answer,  
8 please let me know. But I can't hear David very well wherever  
9 he's sitting, I'm sorry.

10 THE COURT: Okay. So this was a --

11 MR. PARHAM: Yeah, we've had that problem, I'm --

12 THE COURT: -- point of questioning between the Court  
13 and Mr. Parham as to the nature of the cross-examination. For  
14 now, Mr. Rukavina, counsel to the Chapter 7 trustee, Mr. Scott  
15 Seidel, is going to seek cross-examination, and various of the  
16 other counsel may seek to cross-examine you as well.

17 MR. RUKAVINA: I'm usually told, Mr. Goodman, to  
18 quiet myself because I'm usually loud and obnoxious, so if you  
19 can't hear me, I'll be surprised. With that said --

20 THE WITNESS: I heard you really -- I heard you  
21 really loud and clear earlier this morning so --

22 MR. RUKAVINA: Good, I will try.

23 THE WITNESS: -- you sound clear to me right now.

24 MR. RUKAVINA: My only problem is --

25 THE WITNESS: Okay.



John Goodman - Cross

1 MR. RUKAVINA: -- I have an accent and I speak fast,  
2 so please, I hate this electronic stuff, please tell me to  
3 slow down if you don't understand me, sir.

4 THE WITNESS: I will, thank you.

5 CROSS-EXAMINATION

6 BY MR. RUKAVINA:

7 Q. Do you have a copy of the Debtor's Exhibit 1, which is  
8 the shareholder consent?

9 A. I think I do. Let me find it. Are you referencing the  
10 document that says, "consent of a majority of the managers of  
11 the general partner of the Goodman MBE Group", dated September  
12 21st, 2022?

13 Q. I have dated December 12th, 2022.

14 THE COURT: I think you're talking about two  
15 different documents, Mr. Rukavina.

16 MR. RUKAVINA: I'm talking about --

17 THE COURT: Based on what he just said --

18 MR. RUKAVINA: Yes.

19 THE COURT: -- the title is.

20 Q. Okay, so Mr. Goodman, I'm talking about --

21 A. Um, I don't think I do.

22 Q. Okay. It's your Exhibit 1 --

23 A. Not in my possession.

24 Q. My partner, Thomas, will try to put it up. What document  
25 are you talking about, September 12th?





John Goodman - Cross

1 A. No, I'm not -- I'm not talking about a December 12th  
2 document.

3 Q. Okay.

4 A. I was talking about the majority of the managers of the  
5 general partnership. It was a consent.

6 Q. Okay. Mr. Goodman, what date is the document that you're  
7 talking about that you have in front of you?

8 A. September 21st, 2022.

9 Q. Okay. I'm going to ask my partner, Thomas Berghman, to  
10 pull up Debtor's Exhibit 1, which is the written consent of  
11 the voting shareholders, in lieu of a meeting, it's dated  
12 December 12th, 2022, and this is the document that Mr. Parham  
13 was asking you about, okay?

14 MR. RUKAVINA: So Mr. Berghman, can you control that  
15 screen?

16 MR. BERGHMAN: It's up.

17 MR. RUKAVINA: It's up? I don't see it. Oh, here it  
18 is.

19 Q. Do you see that, Mr. Goodman?

20 A. I do. I do. Could you make it a little bit larger,  
21 please?

22 Q. Yeah. I'm going to ask you, only right now, about the  
23 opening paragraph. You see it references the terms of that  
24 seventh amended and restated shareholders' agreement of the  
25 corporation dated as of June 1, 2020. Do you see that, sir?



John Goodman - Cross

1 A. Just one second. I'm trying to read this. "In the terms  
2 of the seventh and amended restated shareholders' agreement of  
3 the corporation, dated as June 1st, 2020."

4 Q. Yes, sir. Do you see that reference?

5 A. I do see that.

6 Q. Are you familiar, to some degree, with that seventh  
7 amended and restated agreement?

8 A. I'm sure I've seen it. I can't recall it by memory, but  
9 I'm sure I've seen it before.

10 Q. Do you know whether the seventh amended is the last  
11 amendment or do you know if there's a subsequent amendment  
12 after?

13 A. I do --

14 Q. Go ahead sir.

15 A. I do not. I do not because as I was not an officer of  
16 the company and I had left the company before then. I haven't  
17 been involved with the company for roughly two and a half  
18 years.

19 Q. Okay.

20 A. So I do not know if there was another seventh and amended  
21 restated shareholders' agreement or another amended and  
22 restated shareholders' agreement.

23 Q. Okay. You personally signed this document -- the  
24 Debtor's Exhibit 1 --

25 UNIDENTIFIED SPEAKER: No.



John Goodman - Cross

1 Q. -- that's in front of you, right?

2 UNIDENTIFIED SPEAKER: No.

3 A. Can you scroll down so I --

4 Q. Yes.

5 A. -- can see the signature.

6 Q. Maybe you didn't, maybe you didn't. I had thought that  
7 there was a Jonathan Goodman that signed this.

8 A. I'm not Jonathan. Jonathan is my brother. I am John  
9 Goodman.

10 Q. Oh, then I apologize to you, sir. So you did not  
11 necessarily sign this document. We'll go to signature pages,  
12 and you tell me.

13 A. I do not see my signature on there, so no, sir, I did  
14 not.

15 Q. Okay. I understand.

16 A. My name's -- my name is not on there.

17 Q. Okay. And that just -- and I have to apologize to you --  
18 that's again proof that then Mr. Seidel and I have been  
19 involved in this case since Friday, so we did not know that  
20 there was a Jonathan Goodman and a John Goodman.

21 A. Yeah. I know it's odd, but --

22 Q. Okay.

23 A. -- my parents chose to use both those names.

24 Q. Well, I'm going to now ask Mr. Berghman to pull up  
25 another document that's going to be marked TB, as in Toy



John Goodman - Cross

1 Bermuda -- I'm trying to think of something that doesn't have  
2 to do with tuberculosis or Thomas Berghman.

3 MR. RUKAVINA: May I approach, Your Honor?

4 THE COURT: I think Tango Bravo is what you're --

5 MR. RUKAVINA: Tango Bravo, there you go. Tom, Tango  
6 Bravo. May I approach?

7 THE COURT: Yes, you may.

8 THE WITNESS: Is it possible to make this larger as  
9 well, so I can read it? Perfect, thank you very much.

10 THE COURT: You're welcome, sir.

11 Q. So what I'm asking -- and you're certainly welcome to  
12 read this, it's a lengthy document -- I don't have any  
13 questions about the document other than do you believe that  
14 this is a copy -- a true and correct copy of that seventh  
15 amended and restated shareholders' agreement?

16 A. I don't know.

17 Q. Okay.

18 A. I'm -- if you're telling me it is, I'm assuming it is.  
19 I -- can you scroll down, please? Can you continue to scroll  
20 down?

21 MR. BERGHMAN: This is unsigned. Is this the signed  
22 agreement?

23 MR. RUKAVINA: That's all I have. I don't have a  
24 signed agreement. If he can't authenticate it, then --

25 A. I'm sorry, can you scroll back up? Or I'm sorry, I want



John Goodman - Cross

1 to see the signature pages. It got smaller, by the way.

2 MR. RUKAVINA: Yeah, zoom in if you can Thomas.

3 A. Thank you very much. If that's the first one, could you  
4 continue to go down?

5 Okay, now I would like the opportunity to read it. So  
6 you can go back to the top, please, I wanted to look at the  
7 signature pages. Give me one second to read it.

8 Okay, you can go down, please.

9 Okay, can you hold right there?

10 Can you go up just a little bit? I apologize.

11 MR. RUKAVINA: Is there a way we can let him control  
12 it, Thomas?

13 MR. BERGHMAN: I don't think so.

14 A. Can you go up again?

15 Can you go up past the drag notice?

16 Okay. I'm all the way down to fair market value. Can  
17 you go below that?

18 Okay, can you hold right here?

19 Okay, continue to go down to the next page, please.

20 Okay, you can go down past involuntary transfer, please.

21 Can you go to the -- take the MBE Group to the top of the  
22 page?

23 Okay. Can you hold right there for a second? I'm sorry,  
24 I'm looking at two screens so -- you'll have to forgive me,  
25 I'm not looking into the camera right now.



John Goodman - Cross

1 Okay. Go ahead and scroll down.

2 Okay. Hold it right there.

3 Q. Mr. Goodman, let me pause you. This is an eighteen-page  
4 single spaced document. I'm just going to move on. If you  
5 need to read the whole document -- I was going to ask whether  
6 you remember having signed this document, but if you need to  
7 read all eighteen pages, I don't --

8 A. I don't -- I'm sorry, I'm just trying to make sure I  
9 understand what I'm reading. I don't remember --

10 Q. Okay.

11 A. -- quite honestly.

12 Q. Then there's no point in you reading it if you don't  
13 remember.

14 MR. RUKAVINA: Let's go -- you can pull that away,  
15 Mr. Berghman.

16 Q. Going back to the Debtor's Exhibit 1 which was the  
17 December 12th unanimous consent that we just discussed, do you  
18 know who drafted that document?

19 MR. RUKAVINA: Pull it up, Mr. Berghman.

20 A. Can you pull it up, please?

21 Q. Yep, he's going to do it. And I apologize, Mr. Goodman,  
22 you don't have a copy of the debtor's own exhibits in front of  
23 you?

24 A. I don't think I do -- I don't --

25 Q. Okay. Very well. Do you know who drafted this document?



John Goodman - Cross

1 This is the document that you said you coordinated with other  
2 Goodmans getting them to sign.

3 A. Haynes and Boone is my personal counsel, so Haynes and  
4 Boone should have drafted anything that I had -- that I had  
5 signed.

6 Q. Okay. You don't know whether Mr. Parham or Akerman, or  
7 the Akerman law firm drafted this?

8 A. I don't remember. I know that Haynes and Boone drafted  
9 my final documents.

10 Q. Okay.

11 A. Can you scroll down?

12 MR. RUKAVINA: Scroll down, Thomas, I think he asked.

13 A. Can you scroll down, please?

14 Can you scroll up so I can see the title, please? I'm  
15 not trying to be difficult. I'm just trying to make sure I've  
16 got the right document here.

17 Q. All right, we'll take all the time that we need. I'm  
18 just surprised that you don't have a copy of your own  
19 exhibits, but it's okay.

20 A. Well, I could have a copy. They could be in my email  
21 somewhere. I just wasn't aware that I needed to have all  
22 these copies of these documents in front of me, so I  
23 apologize.

24 THE COURT: This is the document that your counsel  
25 was questioning you about earlier, Mr. Goodman, if that helps.



John Goodman - Cross

1 A. Can you scroll down a little bit? Okay, if this was the  
2 document that -- this would have been -- yeah, if this is the  
3 document that -- that was retaining Mr. Nelms, then yes, it  
4 would have been drafted by, I believe, by Akerman.

5 Q. Do you know that, or do you say you believe that -- who  
6 drafted it?

7 A. I -- as far as my memory -- as far as I recall, I believe  
8 so.

9 Q. Okay. How come you're not a signatory to this document;  
10 do you know?

11 A. Because as -- as the creditors would know on the  
12 bondholders' side, I had been in negotiation with them for  
13 quite some time in order to buy the bonds and we had an issue  
14 around the Trust Indenture Act. And we were in negotiations  
15 to remove me as an affiliate and the bondholders had agreed at  
16 that point to change the indenture to remove -- to allow me as  
17 an affiliate to vote. And Haynes and Boone has -- had advised  
18 me that the Trust Indenture Act may not allow me even though  
19 the bondholders were willing to edit the existing indenture to  
20 exclude me as an affiliate so that I could vote a majority of  
21 the bonds.

22 I had my brother purchase my common ownership with --  
23 which is basically worthless so that I would no longer be a --  
24 an affiliate or a member of the MBE Group. Therefore, I was  
25 no longer part of the MBE Group so that I could separate





John Goodman - Cross

1 myself in order to try to purchase the bonds and not have an  
2 issue with the Trust Indenture Act.

3 Q. And which brother was it that purchased your stock?

4 A. Jonathan Goodman.

5 Q. Okay. Going back to this exhibit, sir, Debtor's Exhibit  
6 1, you mentioned that you coordinated getting the other  
7 Goodmans' signatures, correct?

8 A. Yes, sir.

9 Q. Did you also have any role with Mr. Parham or Akerman in  
10 drafting this document or deciding what terms would be placed  
11 into this document?

12 A. I had spoken with -- with Russ, I'm sure prior to this  
13 document -- or, from what I recall, prior to this document. I  
14 wasn't involved in drafting this document, no.

15 Q. Okay. Did anyone seek your approval for the terms of  
16 this document before it went out for execution?

17 A. I don't recall, but I'm sure that I saw it prior to  
18 sending it out to each of my brothers.

19 Q. Okay. Who decided to hire Russ -- by Russ, you mean  
20 former Judge Russell F. Nelms, correct?

21 A. Yes.

22 Q. Who decided to hire him?

23 A. I decided to hire him. I got a recommendation --

24 Q. Why did you --

25 A. -- that he would be --



John Goodman - Cross

1 Q. -- decide to hire him?

2 A. Based on his bio, and based on the information that I  
3 learned about him.

4 Q. Okay. Let me ask the question a different way. At the  
5 time that you decided to hire Mr. Nelms, had you decided that  
6 the company should file a Chapter 11 and that's why you needed  
7 someone like Mr. Nelms?

8 A. I think we had lots of discussion and we were still  
9 trying to decide if we -- when and if we were going to file a  
10 Chapter 11.

11 THE COURT: Could you take that --

12 A. I think the -- I'm sorry?

13 THE COURT: I was asking Mr. Berghman to stop sharing  
14 the document. Please go ahead.

15 A. Oh, okay. I think we -- there were a lot of  
16 conversations between myself and Akerman in reference to the  
17 upcoming hearing, I think which was supposed to happen today  
18 on the Chapter 7, and we had conversations in reference to  
19 would it -- does it make sense to file a Chapter 11? And if  
20 we were going to file a Chapter 11 that we would need a  
21 director or we would need an officer of the company because I  
22 wasn't currently serving as the CEO as was stated in some of  
23 the creditors' petitions. I've never been serving as the CEO.  
24 But that we would need someone that was independent as a  
25 director and as a representative of the company.



John Goodman - Cross

1 Q. Okay. So you reference that you had discussions with  
2 Akerman. Did you ever decide that the company should file a  
3 Chapter 11 or convert to Chapter 11?

4 A. I did. We had a conversation and we decided that that  
5 was probably the best course of action.

6 Q. Okay. Who's we?

7 A. Myself and Akerman.

8 Q. Okay. And when was this conversation?

9 A. I do not recall but based on looking at the petition by  
10 the creditors, I think it would have been before one of the  
11 exhibits that introduced me to Russ or before I got his bio.

12 Q. Okay. Well, if I would tell you --

13 A. I don't remember the exact date. I apologize.

14 Q. No, I understand. But let me try to -- let me try to  
15 narrow it in. So this Court, early afternoon of December  
16 12th, entered the order for relief. Do you know what the  
17 order for relief is?

18 A. It would have been to put us into a involuntary Chapter  
19 7.

20 Q. Correct. It would grant the Chapter 7. So if I tell  
21 you --

22 A. Right.

23 Q. Yeah. If I tell you that the Court did so on December  
24 12th, is it your testimony that you and Akerman decided to  
25 file an 11 or convert to 11 before December 12th?



John Goodman - Cross

1 A. That is correct; it was before December 12th.

2 Q. And before you even interviewed Mr. Nelms?

3 A. Yes. From my recollection, it would have been before I  
4 interviewed Mr. Nelms.

5 Q. Okay. And if Mr. Nelms, right now in open court, said  
6 judge, I'm withdrawing the motion to convert, do you believe  
7 that he would have the ability to do so?

8 A. Based on us hiring him, I believe he would.

9 Q. Okay. And do you believe that the other shareholders  
10 would have the ability to contest him doing so?

11 A. Not the way that -- not the way that -- from the way that  
12 I read the consent. I believe that the other shareholders  
13 gave him full authority to manage and to run the -- to run the  
14 process as he saw fit.

15 Q. Okay. Let's briefly touch on that.

16 MR. RUKAVINA: So if we can go to, now, the  
17 consulting agreement?

18 Q. Mr. Goodman, my partner is putting up what has been  
19 marked as Exhibit 8 which is a consulting agreement between  
20 Goodman Networks Incorporated and Goodman MBE Group L -- Are  
21 you familiar with this document?

22 A. On 12/16 -- is this the agreement between myself and the  
23 MBE Group or the consent approving it?

24 Q. I don't know, sir.

25 A. Let me look --



John Goodman - Cross

1 Q. Yeah, let my -- my part --

2 A. Let me --

3 Q. Take a look.

4 A. Can you -- let me take a look at it real quick.

5 Q. Sure.

6 A. Can you scroll down a little bit, please? Okay. I  
7 recognize this, yes.

8 Q. So this is a consulting agreement between the debtor and  
9 Goodman MBE Group, LP, which is an entity affiliated with you,  
10 correct?

11 A. It was at the time, yes.

12 Q. Okay. Is it fair to say that you would be the primary  
13 consultant providing services pursuant to this agreement?

14 A. Yes, per the MBE's request.

15 Q. Understood. One moment, please. So we'll put the  
16 consulting agreement to the side. Oh, before we do that, stay  
17 on the consulting agreement.

18 MR. RUKAVINA: And Mr. Berghman, please scroll down  
19 to the signature page.

20 Q. Do you see that signature page, Mr. Goodman?

21 A. I do, yes.

22 Q. Who is Samantha Sondrup?

23 A. She would have been the chief of staff to Jim Frinzi, who  
24 was the CEO.

25 Q. The CEO on October 4th, 2022?



John Goodman - Cross

1 A. I'd have to look at his resignation date. I believe it  
2 was before then. But she remained the chief of staff at the  
3 company.

4 Q. Well, Ms. Sondrup, on October 4th, 2022, was not an  
5 officer or a director of the company, was she?

6 A. Not to my knowledge, no.

7 Q. So to your knowledge, who, on behalf of the company, the  
8 corporation itself, authorized the corporation to enter into  
9 this consulting agreement with Goodman MBE Group, LP?

10 A. The voting shareholders of the company.

11 Q. By ratifying it later on; is that correct?

12 A. I'm not sure what you mean by "ratifying it later on".  
13 They actually signed it and approved it prior to her signing  
14 it.

15 Q. Okay. So you're telling me that there's a consent of  
16 shareholders before this consulting agreement that approved  
17 this consulting agreement?

18 A. I'm just looking at the dates that they signed it. Jimmy  
19 signed it on 9/23; she signed it on 10/4. I'm talking about  
20 this agreement.

21 Q. Yep. So I asked you who, on behalf of the company, the  
22 corporation, had the authority to approve this. And I thought  
23 you said that the shareholders did by a shareholder agreement.  
24 Is that correct not correct?

25 A. Yeah, I'm not -- I -- I'm getting confused at what you're



John Goodman - Cross

1 asking me. What I'm saying is that Samantha Sondrup signed it  
2 on 10/4. If you're asking me if she was an officer of the  
3 company or a director, she was not. She was the chief of  
4 staff to Jim Frenzi who was the CEO. And to my knowledge, he  
5 resigned and Samantha -- he left. He had given instruction,  
6 from what I was told, by Samantha Sondrup, and by Stephanie  
7 Elmore, who was another consultant there, that Jim Frenzi gave  
8 her the power to negotiate with -- to work with attorneys, to  
9 work with AIG, to work with the banks. And when I got  
10 involved, she was the person that was directly responsible for  
11 working with attorneys, the insurance companies, and with the  
12 consultants of the business. So she was the individual that  
13 was signing legally for the company, as there was no one else  
14 in the company, that I was aware of, that was -- that was --  
15 that was doing anything on the company's behalf outside of  
16 Samantha Sondrup.

17 Q. Is that why the company needed your consulting services?

18 A. I -- I was requested by the family to provide my  
19 consulting services because Jim Frinzi has resign -- had  
20 resigned. I -- I can't speak for Samantha or what -- what  
21 anyone else thought. What they shared with me was that Jim  
22 Frinzi had resigned, and they asked me, based on my long-term  
23 historical experience with the company, and taking the company  
24 through the -- the prepack Chapter 11 in 2017, they asked me  
25 to come back because they felt like that I had the most



John Goodman - Cross

1 experience and was the most knowledgeable person in a process  
2 like this before.

3 Q. And we're going to refer, perhaps, to this consulting  
4 agreement again.

5 MR. RUKAVINA: But because we only have one screen,  
6 I'm going to ask Mr. Berghman to pull that down and pull up  
7 that email, please, Thomas.

8 Q. So are you familiar with this email between John Goodman,  
9 whom I'm assuming is you, and a Stephanie Elmore?

10 A. That is -- yeah, that is me.

11 Q. Okay. Are you familiar with this email dated November  
12 4th, 2022?

13 A. Yes, I am.

14 MR. RUKAVINA: Your Honor, I'd move to admit this as  
15 Tango Charlie. I do not have a copy. We'll have to file it  
16 with the Court.

17 THE COURT: Yes. All your admitted exhibits, at the  
18 end of the day, Mr. Rukavina, we'll ask you to file those with  
19 the Court. It makes it a lot easier on the clerk's office.

20 Is there any objection to the admission of this  
21 email, Exhibit TC?

22 Okay. Hearing no objection, Exhibit TC is admitted.

23 (11/4/22 email between John Goodman and Stephanie Elmore  
24 was hereby received into evidence as Trustee's Exhibit TC, as  
25 of this date.)





John Goodman - Cross

1 Q. Who's Stephanie Elmore?

2 A. She was the chief of staff at Goodman Networks.

3 Q. I'm sorry; I thought we established that --

4 A. Oh, I'm sorry. Stephanie Elmore -- Stephanie Elmore --

5 Stephanie was a former long-term employee of Goodman Networks.

6 And I guess, somewhere over the last two-and-a-half years, she

7 left and became a consultant. I don't know what transpired in

8 the two-and-a-half years when I wasn't there, but she handled

9 a lot of the accounting, the AR, the AP within the company.

10 Q. Okay. So you're basically telling her, pay me X dollars  
11 pursuant to the attached. Were you paid those dollars?

12 A. Yes, I was.

13 Q. Now, I guess here's my question. Who, on behalf of the  
14 corporation, the company, authorized that payment to you? Or  
15 did you authorize it to yourself?

16 A. Stephanie Elmore -- or not Stephanie Elmore -- Samantha  
17 Sondrup executed the agreement on behalf of the company, and  
18 then I sent it to Stephanie to make a payment to me.

19 Q. And you were -- when you sent this email, neither you nor  
20 Stephanie were an officer of the corporation, correct?

21 A. That is correct.

22 Q. And what is --

23 A. I was not an officer in the company.

24 Q. And when you sent this email, neither you nor Stephanie  
25 Elmore were a director of the corporation, correct?



John Goodman - Cross

1 A. That is correct.

2 Q. Okay. Now we're going to pull up the Russell Nelms  
3 engagement letter, which is the Debtor's Exhibit 3. I'm sure  
4 you've seen this before. Maybe you have a paper copy. If  
5 not, then you'll negotiate with my partner.

6 MR. RUKAVINA: But what I want you to look at first,  
7 Thomas, is the very last page. Go back a little -- go down a  
8 little lower, Thomas. I want to see the very bottom of it.  
9 Okay.

10 Q. It says, "agreed to an acknowledged, this 11th day of  
11 December, 2022, John Goodman, capacity, Goodman MBE Group  
12 representative." Do you see that, sir?

13 A. I do.

14 Q. Okay. This document's already been admitted into  
15 evidence. Do you remember signing this document?

16 A. I do.

17 Q. On December 11th, 2022?

18 A. I believe so. That's the date that's on there.

19 Q. And this is the document by which you, on behalf of the  
20 debtor, retained Mr. Nelms as independent director, correct?

21 A. I believe so.

22 MR. RUKAVINA: Okay. Now, go back, Thomas, to the  
23 shareholder agreement, Exhibit 1. I'm sorry, the  
24 ratification, whatever we want to call it, the unanimous  
25 consent.



John Goodman - Cross

1 Q. Now, we're going to look at this document in some detail.

2 This is the document that your counsel was asking you about,

3 that's signed by the other Goodmans but not by you.

4 MR. RUKAVINA: You need to go to the signature page,

5 Thomas, so he can refresh his memory.

6 Q. So all of these Goodmans have signed at different times.

7 MR. RUKAVINA: Let's go to page 2, Thomas.

8 Q. This is the document you testified before you think

9 Akerman prepared, you did not approve ahead of time, and you

10 did not participate in its drafting. Do you remember giving

11 me those answers?

12 A. I believe so.

13 MR. RUKAVINA: Okay. Near the bottom of the second

14 page, Thomas, the second to last "further resolved".

15 Q. Okay. I'm going to stop it right there, and I'm going to

16 read to you, sir, the second to last "further resolved".

17 "Further resolved" --

18 A. Can you make that just a little -- can you make that just

19 a little bigger for me, please?

20 Q. Of course. Okay. "Further resolved that any and all

21 actions heretofore taken by the officers, directors, or

22 representatives of the corporation, and/or the subsidiaries,

23 in the name of and on behalf of the corporation or the

24 subsidiaries, in furtherance of the involuntary Chapter 7 case

25 and/or the voluntary Chapter 11 petition, or the subsidiaries'



John Goodman - Cross

1 voluntary bankruptcy cases be, and the same hereby are  
2 ratified, approved, and adopted." Do you see that, sir?

3 A. I do see that.

4 Q. Okay. And --

5 A. Last paragraph, yeah.

6 MR. RUKAVINA: And scroll to the top, Thomas, the  
7 second "further resolved" paragraph. Actually, it's right  
8 there, Thomas.

9 Q. If you read near the top, Mr. Goodman, "Further resolved  
10 that the authority of John Goodman, granted pursuant to the  
11 terms of that certain consulting agreement, shall continue in  
12 full force and effect in accordance with the terms thereof."  
13 Do you see that, sir?

14 A. I do see that.

15 Q. Okay. So is this what you meant earlier that the  
16 shareholders approved your consulting agreement?

17 A. I believe what I'm saying -- the way I read that is that  
18 my consulting agreement allowed me to hire and gave me the  
19 power to be able to hire Mr. Nelms or any other people that we  
20 needed to assist us at the company.

21 Q. So here's what I'm trying to do here with the time line,  
22 and I'm going to try to walk you through it step by step. The  
23 first thing I see here is that the company retains you as a  
24 consultant and a chief of staff, who is neither an officer nor  
25 a director, signs that for the company.



John Goodman - Cross

1 Then on December the 11th, you sign a contract with Mr.  
2 Nelms, on behalf of the company, making Mr. Nelms the  
3 independent director.

4 And then on December 12th, the majority shareholders  
5 authorize, approve, and ratify all of those things that were  
6 done that I mentioned beforehand. Do you agree with that?

7 A. I agree with the way you're laying it out, yes. But I  
8 would tell you that I believe that the MBE consulting  
9 agreement that had -- gave me the power and ability to be --  
10 to be able to hire Mr. Nelms, based on the shareholders  
11 approving my consulting agreement.

12 Q. And --

13 A. And what I shared with them was, after I had interviewed  
14 Mr. Nelms, and talked to him, and decided to hire him, then I  
15 went out and also got their approval. But I don't think I  
16 needed their approval, initially, to be able to enter into an  
17 engagement with Mr. Nelms.

18 Q. Okay. So it's your understanding that before you got  
19 their approval you had the authority to retain the sole  
20 director for a corporation that you were not a shareholder of.  
21 Is that your understanding, Mr. Goodman?

22 A. Yes, it is. That's -- that's -- I believe, if I go  
23 through the consulting agreement or the consent, it allowed me  
24 to do so.

25 Q. The consulting agreement --



John Goodman - Cross

1 A. At least that's my understanding.

2 Q. Go ahead. Is that a copy of the consulting agreement you  
3 have in front of you?

4 A. Yeah, it is.

5 Q. Okay.

6 A. I'm trying to look at it here.

7 Q. Sir, take your time.

8 A. On the first page, 1(a)(i) says, "A consultant shall  
9 provide advisory services related to all legal, financial,  
10 personal, and operational decisions for the company and its  
11 affiliates and subsidiaries."

12 Q. Okay. Well, sir, are you a licensed attorney?

13 A. No.

14 Q. Certainly you weren't --

15 A. I'm not.

16 Q. Certainly you weren't suggesting you were going to be  
17 practicing law there without a license, correct?

18 A. No, I'm not practicing law.

19 Q. That's what I mean. So it says, "consultant shall  
20 provide advisory services related to all legal" -- obviously  
21 you weren't trying to suggest that you were going to be a  
22 lawyer for the company, right?

23 A. No, I was not.

24 Q. Okay. But the paragraph that you just read for the  
25 judge, you read that to authorize you to select for the



John Goodman - Cross

1 corporation the sole director of the corporation, correct?

2 A. I believe I had the authority to be able to -- to engage  
3 and to bring someone in and negotiation the contract. And at  
4 the end of the day, the shareholders had to ratify it and  
5 approve it.

6 Q. That's what I mean. So if it turns out that the  
7 shareholders ratified and approved it --

8 MR. RUKAVINA: Strike that.

9 Q. If it turns out that the shareholders signed debtor's  
10 document 1 after the Court entered her order for relief, then  
11 that would mean that it would be after the order for relief  
12 that the shareholders approved both the consulting agreement  
13 and ratified Mr. Nelms' selection as the sole director,  
14 correct?

15 A. I don't know the answer to that. I'm not an attorney, so  
16 I can't answer that legally.

17 Q. Did you -- and I'm not going to talk about talks that you  
18 had to your lawyer. Do you not answer me with respect to your  
19 own lawyer. But did you ever discuss with Akerman whether the  
20 so-called automatic stay of the bankruptcy case applied to  
21 this written consent of the voting shareholders or to the  
22 retention of Mr. Nelms?

23 A. Can you -- can you say that again, please?

24 Q. Yes. Did you ever discuss with Akerman -- not your own  
25 lawyer, but with Akerman -- anything having to do with the



John Goodman - Cross

1 automatic stay?

2 A. Not that I recall.

3 Q. Did anyone at Akerman give you any advice with respect to  
4 whether bankruptcy court approval was needed to enter into any  
5 of these transactions, the consulting agreement, the Nelms  
6 agreement, and the shareholder consent?

7 A. Can you ask me that again just so I make sure -- I want  
8 to be really clear that I understand what you're asking me.

9 Q. Yeah. So I'm talking about communications solely between  
10 you and any attorney at Akerman, okay? Are you with me so  
11 far?

12 A. I am.

13 Q. And my sole question is did you discuss with Akerman  
14 whether approval from the bankruptcy court was needed in order  
15 for the debtor to enter into the consulting agreement that  
16 we've looked at?

17 A. No, I do -- I do not recall having a conversation with  
18 Akerman that said that I needed to enter into an agreement  
19 with Mr. Nelms in order to -- to get a stay --

20 Q. Okay.

21 A. -- if that's what you're asking me.

22 Q. No. No, sir.

23 A. I -- I don't --

24 Q. That was not my question. Let me try to dumb --

25 A. Okay.





John Goodman - Cross

1 Q. Let me try to simplify my question. Did you ever discuss  
2 with Akerman whether the bankruptcy judge had to approve the  
3 consulting agreement that we've looked at?

4 A. No, not that I recall.

5 Q. Okay. Did you ever discuss with Akerman whether the  
6 bankruptcy judge had to approve the Nelms engagement letter  
7 we've looked at?

8 A. Not that I recall, no.

9 Q. Did you ever discuss with Akerman whether the bankruptcy  
10 judge had to approve the written consent of the shareholders,  
11 dated December 12th, 2022, that we looked at?

12 A. Not that I recall.

13 Q. Okay. Did you ever discuss with Akerman whether any  
14 approval from the bankruptcy court was necessary for the  
15 debtor to undertake any actions?

16 A. Did I -- can you say that one more time, please, so that  
17 I understand it --

18 Q. Did you ever --

19 A. -- clearly.

20 Q. Did you ever discuss with Akerman that the bankruptcy  
21 judge had to approve or didn't have to approve any potential  
22 cause or action that the debtor wanted to do?

23 A. In reference to the Chapter -- in reference to the  
24 Chapter 11, yes, that the judge -- or the bankruptcy judge  
25 would have to approve us in our filing our motion to -- to



John Goodman - Cross

1 move to a Chapter 11.

2 Q. Okay. And you told me already that you decided that  
3 moving to Chapter 11 was better, right?

4 A. I don't know when we had the conversation, but we did  
5 have a conversation, at some point, that we would be better  
6 off moving to a Chapter 11. And I -- I just don't remember  
7 when we -- exactly when we had that conversation. I'm sorry.

8 Q. Okay. But it was, in any event, before December 12th,  
9 2022, right, the date that the judge entered your order for  
10 relief?

11 A. Yes, I believe it was. We had lots of conversations  
12 about Chapter 11 and Chapter 7 and what would -- you know,  
13 what was the best process and what would happen. And they  
14 explained to me what would happen in a Chapter 11 and a  
15 Chapter 7.

16 Q. And then you decided that the Chapter 11 would be better,  
17 right?

18 A. Yes.

19 Q. For whom? Better for whom?

20 A. For everyone involved.

21 Q. Including creditors?

22 A. Yes, of course creditors. One of the things you have to  
23 understand is that I'm -- that I came into this only a month  
24 ago, or a month-and-a-half ago, and I'm still trying to figure  
25 everything out. And absolutely I know the fiduciary duty of



John Goodman - Cross

1 an officer or anyone else involved in a business; when you  
2 become insolvent, your fiduciary duty is the creditors. And  
3 the creditors always have to be first.

4 Q. And you're a creditor yourself, right?

5 A. I am not a creditor.

6 Q. Okay. I had thought I heard your counsel, in opening  
7 arguments, state that you're a creditor.

8 A. No, I think you're -- I think you're misunderstanding  
9 that my brother James is a creditor. He still owns bonds.

10 Q. Oh.

11 A. He still owns bonds. But I'm not a creditor, no.

12 Q. Okay. So James owns bonds. Did you not tell me, half an  
13 hour ago, that you no longer own stock in the corporation  
14 because you were trying to negotiate with bondholders to  
15 acquire some of their position?

16 A. That is correct.

17 Q. So does that mean that you never did in fact acquire any  
18 of the bondholders' position?

19 A. I have not.

20 Q. Other than James -- and let's -- again, I'm not trying to  
21 be smart about this; I don't know this case. Are the other  
22 Goodmans that signed that document all your siblings?

23 A. They are, yes.

24 Q. Other than James, do any of the other siblings own debt  
25 against the company, hold claims?



John Goodman - Cross

1 A. I'm not -- not that I'm aware of.

2 Q. And did you discuss with the siblings, before they signed  
3 that document, that a Chapter 11 would be more in the interest  
4 of creditors as opposed to a Chapter 7?

5 A. I -- I definitely had a conversation with the creditors  
6 that Chapter 11 would give us more time to understand what has  
7 occurred over the last -- at least for me, the last two-and-a-  
8 half years, the last twelve months, the last six months, the  
9 last three months, and that we have a fiduciary duty, when a  
10 company becomes insolvent, to the creditors, first and  
11 foremost, before we have it with anyone else.

12 Q. Did you discuss whether a Chapter 7 versus a Chapter 11  
13 would be better for creditors with your siblings?

14 A. I do not recall having a distinguishing conversation with  
15 my siblings that a 7 or 11 would be better for the creditors  
16 because, in my opinion, whether it's a 7 or an 11, your  
17 fiduciary duty is always to the creditors.

18 Q. I guess I'm still trying to understand when this document  
19 ratifying the Nelms retention was signed, and you saying that  
20 you decided that the conversion was appropriate, why you  
21 and/or the signatories decided that the conversion was  
22 appropriate.

23 A. I believe that the conversion to 11 was appropriate  
24 because there were a lot of unknowns. I do not understand  
25 everything that happened out there. I also believe that going



John Goodman - Cross

1 into a Chapter 11 would allow the company to preserve the  
2 value for AMRR versus a Chapter 7. It would give us time to  
3 be able to be able to preserve that value for the creditors'  
4 benefit. And I still believe that today. I believe that  
5 there are certain actions that can be taken with AMRR that  
6 will preserve that value for all of the creditors involved.

7 Q. So do you agree --

8 A. I would -- I personally would never recommend --  
9 recommend a Chapter 7 because I believe that you need someone  
10 with significant experience in this space, that understands  
11 that business. And I've always believed that based -- when  
12 the brothers asked me go back, that I could help preserve that  
13 value for the creditors. And it's always been for the  
14 creditors.

15 Q. So one way to preserve that value is the added control  
16 that you would have in a Chapter 11 versus a Chapter 7,  
17 correct?

18 A. I don't know -- I'm not smart enough, nor am I bankruptcy  
19 attorney that I understand all of the control between the 7  
20 and the 11, but the little knowledge that I do have, I believe  
21 that, through negotiating, which we -- which we tried to put  
22 in place a forbearance with AMRR, a forbearance agreement that  
23 would give control and oversight in a Chapter 11 of that  
24 business, with someone that was experienced in the space,  
25 would -- would help preserve the value for the creditors.



John Goodman - Cross

1 Q. You're obviously very sophisticated, having spearheaded  
2 the 2017 prepack. Are you a CPA?

3 A. I am not a CPA.

4 Q. Do you have any --

5 A. And I'm --

6 Q. Do you have any professional license -- and again, I  
7 don't know you, so I'm not trying to be smart about it. I --

8 A. No, I understand. No, I do not have any professional  
9 license.

10 MR. PARHAM: This seems be going --

11 THE COURT: Just one moment --

12 MR. PARHAM: -- going --

13 THE COURT: -- Mr. Parham.

14 A. I was advised by counsel -- through the entire process, I  
15 was advised by counsel --

16 THE COURT: Please, Mr. Parham, approach the podium.

17 MR. PARHAM: I'm sorry. Your Honor, this seems to be  
18 going way beyond corporate authority and really almost to the  
19 point of a deposition. I do object to the scope of the --

20 MR. RUKAVINA: It doesn't, Your Honor. I'm almost  
21 done, and I can either tell Your Honor in a sidebar what the  
22 relevance is, or you can trust me and make your relevance  
23 ruling later.

24 THE COURT: Okay. I'm going to give you a little bit  
25 of latitude, Mr. Rukavina.



John Goodman - Cross

1 Q. Here's the point, Mr. Goodman. You know what the  
2 bankruptcy estate is, right?

3 A. To my own knowledge --

4 Q. Okay.

5 A. -- yes.

6 Q. Do you agree that controlling the bankruptcy estate in  
7 this process is important to the creditors?

8 MR. RUKAVINA: Strike that.

9 Q. Do you agree that who --

10 A. I don't really -- I'm not sure I understand your question  
11 completely.

12 Q. Do you understand that, in a Chapter 11 case, unless the  
13 judge does something else, the debtor will manage the  
14 bankruptcy estate?

15 A. I believe the debtor's representative will -- in this  
16 case will manage the bankruptcy estate in a Chapter 11 --

17 Q. And --

18 A. -- which is Mr. Nelms who I've engaged.

19 Q. So do I understand that, because you want what's best for  
20 the creditors, you believe that Mr. Nelms controlling the  
21 process is best for the creditors?

22 A. I believe that Mr. Nelms controlling the process will be  
23 very beneficial to the creditors. I believe it'll be just as  
24 beneficial as anyone else.

25 Q. Just as beneficial as anyone else?



John Goodman - Cross

1 A. Anyone else that -- with his -- anyone else with the  
2 experience of -- of Mr. Nelms.

3 Q. So does it not matter that it be in Chapter 11 as opposed  
4 to Chapter 7?

5 A. No, I believe it needs to be in Chapter 11 because I  
6 believe Chapter 11 will preserve the value for the creditors  
7 greater than it will be in Chapter 7.

8 Q. Because the debtor --

9 A. I would just --

10 Q. Because the debtor has control --

11 A. I --

12 Q. Because the debtor controls the process.

13 A. No. No, it has nothing -- it has nothing to do with the  
14 creditor having -- I mean, the debtor having control. I  
15 believe that the debtor retains significant knowledge that can  
16 help through the process of Chapter 11.

17 And I'd like to give you just a -- just a few moments of  
18 what the actual debtors have accomplished, and what they've  
19 done since 2017, that has significantly reduced debt and has  
20 always looked out for the debtholders and the -- I mean, for  
21 the creditors. And I'd love that opportunity.

22 In 2017, when we -- when we went through the prepack, we  
23 significantly paid down the bonds. When I came into the  
24 company, when the family asked me to come back -- the family  
25 asked me to leave in '14; they asked me to come back in '17 to





John Goodman - Cross

1 help the company as -- just like they did in the last three  
2 months. When I did come back, I helped take the company  
3 through a prepack Chapter 11.

4 Upon that, I found the company in disarray with a  
5 negative six million of EBITDA. Within twelve months, we  
6 turned that to a positive of twenty million of EBITDA. Since  
7 that time, the company -- I mean, the bondholders had 112  
8 million dollars of bondholder debt. The family, including  
9 James, put in twenty-five million dollars of equity in early  
10 2020 to help the company continue to grow and to expand.

11 And during that time, the family and the company bought  
12 down over -- roughly about ninety-some-odd million dollars of  
13 the -- of the bondholders' debt. And we have continuously  
14 worked with the bondholders and offered, through the  
15 Pressprich (ph.) agency.

16 I've had multiple conversations with bondholders,  
17 continue to buy them down, but we have not only worked with  
18 the bondholders, we have paid down roughly ninety -- over  
19 ninety million dollars of the bondholder debt through company  
20 means and personal means. We have acquired over eighty  
21 percent of the bondholders' preferred Series A1 stock and  
22 their common stock.

23 So we -- we have -- we have done a yeoman's job, in my  
24 mind, and I'm just speaking personally and passionately, that  
25 we've reduced almost a hundred million dollars of leftover



John Goodman - Cross

1 bondholder debt. And I've been in negotiations with the  
2 bondholders -- and Mr. Silverstein would know this, because  
3 I've spoken to him directly about this -- trying to buy the  
4 remaining bonds in order to continue to reduce debt.

5 And the entire plan was we get the bondholders paid down,  
6 then we use the assets that AMRR -- I don't know how AMRR got  
7 that money, and I'm not going to tell anybody here that I  
8 understand. But then how do we ensure that the unsecured  
9 creditors also get a position so that they can either recover  
10 all of or some of what they -- what's been taken from them.

11 And the knowledge that I have, the experience that I had,  
12 and the process that I've been through working with the  
13 bondholders, I believe that by me being involved, having  
14 someone independent like Mr. Nelms will help this company  
15 through a Chapter 11. And I believe this company will become  
16 an operating company again very shortly once we get ahold of  
17 AMRR. And I don't want that to be lost.

18 You put it in a Chapter 7, you're going to end up  
19 liquidating or -- or forcing that company into bankruptcy, if  
20 you're not careful what you're doing, because they have  
21 operating bonds, they -- they are working under a top secret  
22 security clearance. And if you're not careful, you're going  
23 to destroy the entire value and there's going to be nothing  
24 left. There's going to be a little bit of cash with  
25 Prosperity, a little bit of cash with AIG, and there's going



John Goodman - Cross

1 to be nothing left except for the bondholders.

2 And forgive me for my passion, but when I'm talking I'm  
3 thinking about the bondholders, I'm thinking about the  
4 unsecured creditors, I'm thinking about everyone involved.  
5 Everyone recognizes the shareholders have no value.

6 Q. So let me --

7 A. But we do have --

8 Q. Let me stop you.

9 A. -- a fiduciary duty --

10 Q. Let me stop you now. Let me stop you now, Mr. Goodman.

11 A. I'm not finished, please. We do have a fiduciary duty  
12 and a responsibility to act on behalf of the creditors, and  
13 that's exactly what I've been trying to do.

14 Q. Let me stop you, Mr. Goodman.

15 A. That's exactly what I've been speaking to the MBE Group  
16 about.

17 Q. Mr. Goodman, it's clear that you're passionate. It's  
18 clear that you have a goal and a vision for how to get the  
19 company through this. And you disagree with those that  
20 suggest a Chapter 7 liquidation is the better route. Isn't  
21 that just another way to say control -- that who controls this  
22 case matters?

23 A. No, I do not. I believe that -- I believe that, through  
24 a Chapter 11, that this company and the creditors, in  
25 particular the creditors, will be better off than going



John Goodman - Cross

1 through a Chapter 7.

2 Q. But that only happens if you and Mr. Nelms have control  
3 to keep it out of Chapter 7.

4 A. It's got --

5 Q. You're not going to --

6 A. It's got nothing to do with control with me. What it's  
7 got to do with is the -- the most knowledge --

8 Q. Okay.

9 A. -- and the experience in a partnership to know where to  
10 go, what to do, and how to preserve value.

11 Q. Now, you mentioned, Mr. Goodman --

12 A. I have not had --

13 Q. Hold on, sir.

14 A. Sir, I have not had --

15 Q. Hold on, sir.

16 A. -- a chance to --

17 Q. Mr. Goodman --

18 THE COURT: All right. You guys are talking over one  
19 another. You guys are talking over one another. I'm going to  
20 stop you right there. I'm going to let Mr. Rukavina get a  
21 question on the table, and then I'll allow Mr. Goodman to  
22 answer it.

23 Mr. Rukavina?

24 Q. Mr. Goodman, you mentioned that the company or your  
25 siblings -- I don't remember who, but you used the word



John Goodman - Cross

1 "bought down" more than ninety million dollar of bond debt.

2 What did you mean by "bought down"?

3 A. Reduced the amount of bondholder debt. It was 112 --  
4 112,500,000, I believe, at the prepacked restructure, and  
5 today the face value of that is 18 million, which a majority  
6 of that was purchased -- the net of that -- take 18 million  
7 from the 112, the net of that was personally bought by my  
8 brother James, which I think was 35 million dollars, and the  
9 company, I believe, purchased 54 million of that. So I could  
10 be off four or five million dollars, but the company and the  
11 family has continued to reduce that debt.

12 Q. And did the company and your brother James buy those  
13 bonds for any kind of discount?

14 A. We -- we purchased the bonds at negotiated prices. I  
15 can't tell you today. We'd have to look back and see what the  
16 bonds were trading at that point in time. But it's just a  
17 matter of fact. And you can track anything. You can see that  
18 the bondholders were consistently buying debt at below-par  
19 value and selling it across to each other. That's easily  
20 trackable.

21 Q. Sir --

22 A. And I can't tell you if -- I know when the company bought  
23 it, it was not below what it was trading. And I can't tell  
24 you what it -- what the price was when my brother bought it.

25 Q. But it was trading for below face, correct?



John Goodman - Cross

1 A. Not -- no, I can't -- I can't answer that. I can't -- I  
2 can only answer on behalf of the company. I can't answer on  
3 behalf of my brother.

4 Q. I'm asking on behalf of --

5 A. We -- we --

6 Q. -- the company. When the company purchased fifty-four-  
7 something million, or whatever number you said, you mentioned  
8 that the company didn't necessarily purchase it for less than  
9 it was trading out. My question is the bonds that the company  
10 purchased, when it purchased them, it was less than the face  
11 amount or face value of the bonds; isn't that true?

12 A. No. No, that's not accurate.

13 Q. You --

14 A. When we purchased the fifty-some-odd million dollars of  
15 bonds, it was above what the bond price was at that point.

16 Q. Okay. Maybe I'm using words that I have no --

17 A. Oh, I'm sorry. If you're asking did we buy it below the  
18 dollar par value --

19 Q. Yes.

20 A. -- we bought it -- we bought it -- and I can't remember,  
21 I think it was around seventy-five cents, but at the time it  
22 was trading down around forty-eight cents on the public  
23 market, somewhere around there.

24 Q. And do you believe that if this case goes into a Chapter  
25 11, it will give you and Mr. Nelms a better ability to



John Goodman - Cross

1 continue negotiating out or purchasing the remaining bonds?

2 A. No. Mr. Nelms' role here has nothing to do with the  
3 bonds, in my opinion. His role is very clearly to ensure that  
4 he is looking out for the best interests of the creditors. He  
5 has nothing to do with the bonds. He's not advising me on the  
6 bonds. Akerman's not advising me on the bonds. I don't  
7 have -- other than my personal attorneys, no one is advising  
8 me on the bonds.

9 Q. Forget about --

10 A. Mr. Nelms' role here --

11 Q. I asked -- I asked --

12 A. I'm sorry?

13 Q. -- an inartful question. Forget about Mr. Nelms. Do you  
14 believe that, if this case goes to a Chapter 11, it'll make  
15 your job easier to negotiate purchases or retiring the  
16 remaining bonds?

17 A. I do not believe that. And I will tell you that my  
18 negotiation with the bondholders, and what we have negotiated,  
19 the price was far above what the bonds were trading for at the  
20 time we negotiated, significantly above.

21 Q. And how much debt that he purchased does your brother  
22 James hold, approximately?

23 A. I can't answer that specifically. I believe he purchased  
24 somewhere around thirty to forty million of bonds, and I think  
25 today he's holding -- I -- I don't know exactly what he's



John Goodman - Cross

1 holding today. You'd have to ask him that.

2 MR. RUKAVINA: Thank you. Your Honor, I'll pass the  
3 witness.

4 THE COURT: Thank you very much, Rukavina.

5 THE WITNESS: Was I going to have an opportunity to  
6 speak?

7 THE COURT: I'll allow counsel to redirect you --

8 MR. PARHAM: Your Honor --

9 THE COURT: -- at the end of cross-examination. But  
10 we've got a few lawyers to get through cross-examination. So  
11 I'll start with Mr. Silverstein.

12 MR. SILVERSTEIN: Thank you, Your Honor. I'll be  
13 very brief.

14 CROSS-EXAMINATION

15 BY MR. SILVERSTEIN:

16 Q. Good afternoon, Mr. Goodman. How are you.

17 A. Good, Paul. How are you?

18 Q. Fine. Thank you. You mentioned a couple of times that  
19 when you got involved, at one point you said you got involved  
20 one to one-and-a-half months ago. Then you said you got  
21 involved three months ago. Can you pinpoint that for me?  
22 When did you get involved?

23 A. I -- I cannot pinpoint the exact dates, but I think that  
24 you would know that I had multiple conversations with the  
25 primary representatives at Phoenix, that I've had over the





John Goodman - Cross

1 past two or three years. I've spoken to them, I think, in  
2 July and -- and sometime in, maybe, June or July, and then  
3 August. And then --

4 Q. But --

5 A. I --

6 Q. Yeah, I'm sorry. I don't mean to interrupt. I'm trying  
7 to go back to when you said I got involved. And my question  
8 related to when you got involved with the company recently in  
9 connection with the bankruptcy. You said one to one-and-a-  
10 half months, and then you said three months. Can you give me  
11 generally -- is three months accurate?

12 A. I'd have -- I'm sorry, Paul; I'd have to go back and look  
13 because, originally, my family asked my brother Jonathan to go  
14 in and help. He declined, because he hadn't been involved  
15 with the company for four or five years, and he didn't feel  
16 like he had the experience. I've been busy running my own  
17 company and -- and handling a bunch of my own business. The  
18 family came back to me, asked me to get involved. And I'd  
19 have to go back and look at my email. I don't know exactly  
20 when that date was. I apologize.

21 Q. That's okay. Is it somewhere between one-and-a-half and  
22 three months ago, roughly?

23 A. I want to say maybe late August, September. I -- or  
24 sometime August, September.

25 Q. So that's several months ago. You also mentioned that



John Goodman - Cross

1 you left the company two-and-a-half years ago.

2 A. Roughly.

3 Q. Okay. And that two-and-a-half years, what time period  
4 would that -- that would be from when you got back involved in  
5 August, September, October, two-and-a-half years back from  
6 that?

7 A. No, sir; that would be probably from today. I would tell  
8 you that it was probably Q1 of 2020. The family asked me  
9 to -- the family came in and asked me to resign as the CEO and  
10 chairman of the board. They wanted to bring new management  
11 in, which was a former officer at AT&T that was on the board.  
12 And they asked him to come in because they believed that he  
13 was going to revitalize the company and bring in significant  
14 contracts and help the company, which never occurred.

15 Q. Okay. So basically, two to two-and-a-half years from  
16 today, going backwards, you were not involved with the  
17 company; is that correct?

18 A. I can't say two-and-a-half years from today. I'd have to  
19 look at the exact dates and times, but roughly two to two-and-  
20 a-half years.

21 Q. That's fine. So roughly two to two-and-a-half years  
22 you're saying you were not involved with the company, correct?  
23 Yes or no?

24 A. In the daily management or making any decisions in the  
25 company, correct.



John Goodman - Cross

1 Q. Okay. You said a few minutes ago, in answer to a  
2 question, that you don't understand the AMRR transaction. And  
3 that's a quote. Is that accurate, you don't understand the  
4 AMRR transaction where forty-odd --

5 A. I understand the transaction. I don't understand how the  
6 transaction was discussed, how it occurred, who approved it.  
7 That's what I don't understand.

8 Q. You don't know the details of the transaction?

9 A. I can re-look at the documents, but I don't know any of  
10 the conversations behind it. I can see --

11 Q. Right.

12 A. -- that they --

13 Q. And anybody can look at the documents, right? If we had  
14 documents, you could look at them, correct?

15 A. Correct.

16 Q. So you have no special knowledge of it, other than what's  
17 in the documents; is that right?

18 A. I do not have any knowledge of any of the conversations  
19 that occurred that would have resulted in the transaction with  
20 AMRR.

21 Q. And that was forty-odd million dollars that went out of  
22 the company?

23 A. Based on what I see in the documents, I believe it says  
24 forty-four.

25 Q. Okay. Now, there's an entity called 18920 that



John Goodman - Cross

1     apparently got fourteen million dollars and some other  
2     consideration; are you familiar with that?

3     A.     I've seen some of the documents, so I am somewhat  
4     familiar with it, yes, sir.

5             MR. PARHAM: Your Honor, this has nothing --

6     Q.     But other than --

7             THE COURT: Just a moment.

8             MR. PARHAM: I'm sorry. This has nothing to do with  
9     authority. Again, we're going into --

10            THE COURT: No one can hear you from there --

11            MR. PARHAM: I'm sorry.

12            THE COURT: -- Mr. Parham.

13            MR. PARHAM: These questions have nothing to do with  
14     authority to bring the Chapter 11. And we're far, far afield  
15     from what I thought the purpose of this afternoon was. So we  
16     would ask --

17            MR. SILVERSTEIN: I have one more follow-up.

18            THE COURT: I think he --

19            MR. SILVERSTEIN: One more follow-up question.

20            THE COURT: I think he's questioning the witness  
21     about whether or not he has any special knowledge,  
22     essentially --

23            MR. SILVERSTEIN: Correct.

24            THE COURT: -- to lead the company through any sort  
25     of a bankruptcy. So I'm going to give him one more question.



John Goodman - Cross

1 Mr. Silverstein?

2 MR. SILVERSTEIN: Thank you, Your Honor. And

3 again -- yeah, thank you, Your Honor, and that's exactly where

4 I was going because Mr. Nelms seems to have believed that John

5 Goodman has some particular knowledge.

6 BY MR. SILVERSTEIN:

7 Q. And I just -- Mr. Goodman isn't accurate that, other than

8 the documents, with respect to the 18920 fourteen or eighteen

9 or whatever million dollars, you just know what the documents

10 say, but you don't know the details?

11 A. I do not know the details of the conversations that would

12 have occurred between the parties. I -- I don't have all of

13 the -- I just don't have those details. I wasn't party to the

14 conversations. But I do know --

15 Q. So you --

16 A. I do know the individuals that are behind 18920. I've

17 known Jim Frinzi for over twenty years. I know the people

18 involved; I don't know the details behind them or how they got

19 to the decisions that they made.

20 Q. And so you don't know how the sixty-odd million dollars

21 just went south, so to speak, right?

22 A. Sir, I do not.

23 Q. I think the only other --

24 MR. SILVERSTEIN: I'm done. Pass the witness.

25 THE COURT: Thank you, Mr. Silverstein.



John Goodman - Cross

1 MR. SILVERSTEIN: Thank you.

2 THE COURT: All right. Mr. Langley, any cross-  
3 examination for Mr. Goodman?

4 MR. HILLYER: Good afternoon, Your Honor.

5 THE COURT: Oh, Mr. Hillyer?

6 MR. HILLYER: It's Cam Hillyer. Mr. Langley had to  
7 step out for a little bit.

8 CROSS-EXAMINATION

9 BY MR. HILLYER:

10 Q. Good afternoon, Mr. Goodman. I just have a couple of  
11 questions. And I will try to keep these very specific to  
12 control. So you were shown a consulting agreement earlier,  
13 between the debtor and Goodman MBE Group, that was signed by  
14 Samantha Sondrup, chief of staff, on October 4th, 2022. Do  
15 you remember that?

16 A. I do.

17 Q. Okay. And then you had previously said, in either your  
18 testimony with Mr. Silverstein, or possibly before, that you  
19 were not a CEO, officer, or director of the company until you  
20 came back; is that correct?

21 A. I -- not -- I'm sorry, I want to correct something. I  
22 didn't say until I came back. I was not -- I -- I had not  
23 been an officer or a director of the company since probably  
24 January of 2020. And I'm currently not today.

25 Q. So when you were hired as a consultant, for the 450,000-



John Goodman - Cross

1 dollar nonrefundable fee, at that time, you were not a  
2 shareholder, an officer, director, or executive of the debtor?

3 A. That's -- I was a shareholder. I was not an officer or a  
4 director.

5 Q. You were a shareholder of the debtor in October 4th, 2022  
6 of this year?

7 A. Oh, no, that's not right, because I would have not been a  
8 shareholder as of September. So that's incorrect.

9 Q. Did you sell your shares after the involuntary was filed?

10 A. No. No, sir, I sold them before then. As I was  
11 negotiating with the bondholders, because I mentioned earlier  
12 the Trust Indenture Act had an issue with affiliates. Even if  
13 the indenture would have been changed to allow me to vote as  
14 an affiliate, my personal counsel came back and said that the  
15 Trust Indenture Act may -- may create issues for me.

16 Q. I appreciate that. My questions aren't going to be  
17 directed to any of the bondholder or any of the purchases.  
18 I'm mainly looking to the control of the debtor. And so this  
19 involuntary bankruptcy was filed on September 6th of this  
20 year; are you aware of that?

21 A. That sounds right to me.

22 Q. Okay. And you were hired as the consultant on October  
23 4th of 2022.

24 A. If that's what the document says, I'm not looking at it,  
25 but it sounds right.



John Goodman - Cross

1 Q. Okay. And at that time, before you came in as the  
2 consultant, pursuant to that consulting agreement, who was at  
3 the debtor, other than Samantha Sondrup?

4 A. Stephanie Elmore would have been. I can't remember Jim  
5 Frinzi's exact resignation date, but to my knowledge, I  
6 believe it would have been those two.

7 Q. Okay. Are either of those officers, directors, or  
8 executives?

9 A. No, not to my knowledge.

10 Q. So what I'm asking you is very simple. So at the time  
11 that you came in as a consultant, the debtor had been in an  
12 involuntary bankruptcy for a month and had no officers,  
13 directors, or executives, correct?

14 A. Not to my knowledge. I'd have to look at my brother  
15 Jonathan's agreement. I believe that he retained outside  
16 counsel, and he was working on -- I don't -- I don't know if  
17 it was ever executed -- that he was going to be the consultant  
18 for the MBE Group. But I can't recall if his agreement was  
19 ever executed, because he came to us at a later point, as I  
20 mentioned earlier, and said that he didn't think that he was  
21 qualified or knew enough to be able to help. And that's when  
22 the family asked me to step in.

23 Q. Okay.

24 A. So I'd have to take a look.

25 Q. Mr. Goodman, do you remember swearing to the





John Goodman - Cross

1 interrogatories that were produced to FedEx, responses to the  
2 interrogatories to FedEx?

3 A. You're going to have to explain to me what that is.

4 Q. Okay. Well, my client propounded interrogatories to the  
5 debtor, and the debtor responded to them, and you verified  
6 them under oath. Do you remember signing the verification of  
7 the interrogatory responses?

8 A. I -- I don't remember, but if -- but if I signed them,  
9 then -- then I did. I was signing a lot of documents for --  
10 for the attorneys.

11 MR. HILLYER: Okay. Your Honor, Exhibit 15, to  
12 FedEx's objection, I do not believe that's been introduced or  
13 admitted.

14 THE COURT: It has not.

15 MR. HILLYER: I know Ms. Carson -- okay, thank you,  
16 Your Honor. I know Ms. Carson has copies there, but I think  
17 we're in the same boat. I believe Mr. Langley has stepped  
18 back in, and he is going to try to share.

19 THE COURT: Sure. If he can't, we can probably pull  
20 it up through the docket. But while it's being pulled up,  
21 we're going to reference docket 147-15, Exhibit 15.

22 MR. HILLYER: That's correct, Your Honor.

23 THE COURT: FedEx Exhibit 15.

24 Q. Can you see that, Mr. Goodman?

25 A. I can.



John Goodman - Cross

1 Q. Okay. That is a chart, I'll submit to you, that is  
2 Exhibit 2 to your responses, in response to interrogatory  
3 number 5, which is "List all executive, directors, officers of  
4 the debtor" -- it did not say shareholders; it said -- "of the  
5 debtor during the relevant time period." Okay? If you look  
6 down at the last line, you were the party that verified it as  
7 responding to the interrogatories. You didn't put any dates  
8 in for yourself.

9 A. Can I see -- can I see the last line? I can't -- I can  
10 only see where it says James Frinzi. Sorry.

11 Q. Okay.

12 A. "The start mandates do not apply to this notation. We  
13 had visibility of these records that were managed by our legal  
14 counsel." Can you scroll down?

15 Q. That's it.

16 A. I don't see any signature, but -- but --

17 Q. That is not your verification, Mr. Goodman. I'm  
18 submitting to you that you verified the discovery responses.  
19 If that becomes a dispute, where you're saying you did not  
20 verify them, then we can address that later. What I'm asking  
21 you is, on this chart, did you prepare that chart?

22 A. No, I did not prepare that chart.

23 Q. Who prepared that chart?

24 A. I do not know. It would either have been -- my  
25 assumption is that it would have been either Stephanie or



John Goodman - Cross

1 Samantha or CFGI. I do not know who prepared this chart.

2 Q. Okay. But you verified it under oath.

3 A. I would have -- I remember seeing this chart, yes.

4 Q. Okay. So it was true and correct, to the best of your  
5 knowledge?

6 A. It -- it -- the dates look -- the dates look reasonable,  
7 sure.

8 Q. Okay. So again, I'm going to go back. Mr. Frinzi's date  
9 of termination was September 4th of 2022. Does that sound  
10 about right?

11 A. It sounds about right.

12 Q. Okay. I'm just going to have you scroll up and down the  
13 columns, because you are -- is there any officers, directors,  
14 or executives at the debtor for the entire year of 2022, until  
15 you came in as a consultant, which is not an executive?

16 A. Sure, there is. There's James Frinzi.

17 Q. No -- okay, I'm sorry. That's correct. Other than Mr.  
18 Frinzi, who we discussed today, as CEO, was there any other  
19 board of directors, officers, executives at the company?

20 A. Not that I see on here.

21 Q. So no one -- Mr. Frinzi had no oversight of any other  
22 officers, directors at all?

23 A. Not that I see on this document, no.

24 Q. Okay. So he left on September 4th, and he's the only one  
25 on that document, correct? He's the only -- he's the only one



John Goodman - Cross

1 in 2022 on that document?

2 A. Per this document, yes.

3 Q. Okay. And you were retained as a consultant on October  
4 4th of 2022 by Ms. Sondrup, who's not on this document?

5 A. Correct.

6 Q. Okay. When was Akerman retained in this case?

7 A. I don't know that date, because they would have been  
8 retained by Mr. Frinzi. I'd have to refer to Akerman to the  
9 date that they were retained.

10 Q. Okay. Well, I'll ask you a more specific question.

11 After Mr. Frinzi left in September 4th, who was controlling  
12 the debtor when they filed their answer to the involuntary  
13 petition and their motions to dismiss, which was filed on  
14 docket -- Your Honor, for the record -- 18 and 19, on  
15 September 30th, before you were retained as consultant. Who  
16 was controlling the debtor then?

17 A. I would have been speaking with Akerman.

18 Q. What authority did you have with the company before  
19 October 4th of 2022, Mr. Goodman?

20 A. I would have spoken with all of the shareholders and let  
21 them know that Jonathan sent us a message that he would not be  
22 representing the company, and they asked me to take over as a  
23 representative. We could have been behind on getting the  
24 documents completed, but I would have been the one speaking  
25 with Akerman at that point.



John Goodman - Cross

1 Q. Okay. You said Jonathan Goodman?

2 A. Jonathan, yes, my brother.

3 Q. Okay. Where is Jonathan on that chart that you provided?

4 A. Jonathan had not been involved with the company for  
5 multiple years, sir. He was only a shareholder in the  
6 company. But I don't believe he was working in an executive  
7 office -- I believe these are executive roles. And he was not  
8 working or acting in an executive role for quite some years.  
9 He would have been much lower on the list. But I think this  
10 is all executive roles here.

11 Q. I guess what I'm saying, Mr. Goodman, is I'm looking at  
12 this chart and there's -- at the end of 2021 there's three  
13 CEOs. Jason was a CEO. James was chairman and CEO. And then  
14 actually it overlaps, and James Frinzi would have been at that  
15 time overlapping.

16 A. Well, I can't -- sir, I can't say if -- if this is when  
17 their agreements were terminated, but I -- I would be really  
18 surprised if each of -- there were three concurrent CEOs in  
19 the company.

20 Q. Okay. Let's --

21 A. You know, maybe this document just wasn't updated  
22 correctly, or the dates of termination could have been in --  
23 put in incorrectly.

24 Q. Okay. How did you verify that chart, Mr. Goodman?

25 A. I -- I'd looked at the chart, and I was actually probably



John Goodman - Cross

1 looking more at the date started than the date terminated.

2 Q. Okay. So again, to the best of your knowledge, do you  
3 know who signed Akerman's engagement letter?

4 A. I do not know with certainty, but my assumption is that  
5 it was James Frinzi. But I just do not know.

6 THE COURT: Your Honor, I'd like that Exhibit 15  
7 admitted if there aren't any objections.

8 THE COURT: All righty.

9 MR. PARHAM: Your Honor, under optional completeness,  
10 I would like him to introduce the interrogatories, because  
11 this chart applies to numerous companies, I believe. I don't  
12 have the interrogatories with me, but I believe that they  
13 apply to -- so that there are three CEOs, but the question was  
14 name directors and officers with multiple companies. And I  
15 think that's the answer, as opposed to suggesting that the  
16 charts said there were three CEOs of the debtor.

17 THE COURT: I feel like I've seen the interrogatories  
18 as an exhibit to a pleading, so --

19 MR. HILLYER: We will be happy to introduce the  
20 actual interrogatory question, which just says "See Exhibit  
21 2." There's no verbal -- there's no response to it -- if need  
22 be, but that's -- Your Honor, we're stuck in a situation using  
23 what discovery we have, on such a limited basis, not being  
24 able to use this in a deposition and ask about it. I think we  
25 can certainly file whatever we need to file that shows his



John Goodman - Cross

1 response and his verification, for the purposes of the Court  
2 determining the issue of control.

3 MR. PARHAM: Yeah, that's fine. I just want the  
4 definitions in because Goodman Networks --

5 THE COURT: I understand.

6 MR. PARHAM: -- is defined as Goodman Networks and  
7 its affiliates.

8 THE WITNESS: I also want to point out that, to my  
9 knowledge, that Stephanie and Samantha, and even with the  
10 consultant, CFGI, did not have access to all of the HR records  
11 and --

12 MR. HILLYER: Your Honor, I'm going to object. I'm  
13 not asking a question. He's just --

14 THE WITNESS: I think it's a relevant point, sir.

15 THE COURT: Okay. Everybody, calm down. Calm down.

16 Mr. Goodman, you are a witness at this time and so,  
17 again, if your counsel wants to seek to redirect, at the  
18 appropriate time, it's after all of the cross-examination, he  
19 can do so. But I can't allow you to interject at this time.

20 THE WITNESS: Yes, ma'am, I understand.

21 THE COURT: I appreciate it.

22 Well, I think what I am remembering, in terms of  
23 exhibits, were exhibits to motions to quash and that set of  
24 hearings and fights, which were withdrawn. And so I think I'm  
25 mistaken that there would have been a full set of



John Goodman - Cross

1 interrogatories in here.

2 What I am going to ask FedEx to do is, to the extent  
3 that you would like me to consider your Exhibit 15, I am going  
4 to grant the -- excuse me, I'm going to sustain the objection  
5 for optional completeness and ask that you upload, after the  
6 hearing, with everybody else, an exhibit that would contain  
7 the entirety of those interrogatories, so that I can consider  
8 them with the question asked and, again, take a look at the  
9 signature verification. All righty?

10 MR. HILLYER: Absolutely. And I only have just a  
11 couple more questions.

12 BY MR. HILLYER:

13 Q. So Mr. Goodman, I believe you were asked, but you didn't  
14 directly answer it, who directed Ms. Sondrup to sign your  
15 consulting agreement?

16 A. She would have signed it on her own. We -- I would have  
17 requested that the person in charge of the company sign it. I  
18 don't recall if -- if she was directed by anyone else. But  
19 since she was the chief of staff listed on record, I would  
20 have sent it to her and asked her to review it, and would have  
21 asked her to sign it, I believe.

22 Q. So you were asking her to sign it as the person that's  
23 being hired, correct?

24 A. Correct. I would have asked anybody there, whether it  
25 was the CEO or a board member, to sign it based on the fifty-





John Goodman - Cross

1 one percent shareholders' request --

2 Q. I'm sorry --

3 A. -- already fixed as law.

4 Q. But to the best of your knowledge, was there any email  
5 sent to Ms. -- communication sent to Ms. Sondrup to tell her  
6 to sign that consulting agreement, as chief of staff, or did  
7 she do it on her own?

8 A. I -- I don't recall. I'd have to look.

9 Q. Okay. Is that standard, at Goodman Networks, for a  
10 nondirector, or officer, executive, to sign 450,000-dollar  
11 nonrefundable consulting agreements?

12 A. I wouldn't think that would be standard at any company,  
13 unless there was no one else in a position to execute  
14 documents on behalf of the company, much like she was for all  
15 of the attorneys and for the insurance companies and for  
16 anybody else that was involved. She was left in charge by the  
17 CEO, Jim Frinzi, to execute documents -- from my  
18 understanding, to execute documents and legal documents and  
19 settle lawsuits on behalf of the company. And until someone  
20 could be placed in there to help, that had that authority, you  
21 know, I feel bad for Ms. Sondrup because she was left in that  
22 position.

23 Q. Okay. And as of right now, you are not a shareholder,  
24 individually, of Goodman Networks?

25 A. That is correct.



John Goodman - Cross

1 Q. Are you a shareholder of the Goodman MBE Group, either  
2 the LLC or the limited partnership?

3 A. I am not.

4 Q. Okay. Are you a member of Goodman Telecom Holdings, LLC?

5 A. I am, and it's -- just for reference, the name has been  
6 changed to Greater Telecom Holdings.

7 Q. Greater Telecom?

8 A. Yes, sir.

9 Q. Okay. And how much of that company do you own?

10 A. On a fully-diluted basis, I -- I'm going to estimate  
11 this -- I believe it's around forty-some-odd percent.

12 Q. Forty or high forties?

13 A. I'd have to look at the cap table to give you the exact  
14 number.

15 Q. Okay. Do you control that company?

16 A. I do.

17 MR. HILLYER: I don't think I have anything else.

18 THE COURT: All right. Thank you, Mr. --

19 MR. HILLYER: Or I take that back.

20 Q. Mr. Goodman --

21 MR. HILLYER: Your Honor, if I may indulge?

22 Q. -- is that company that you just spoke of, does that  
23 entity owe a debt to Goodman Networks?

24 A. No, it does not.

25 Q. Okay. Is there any debt owed related to the preferred



John Goodman - Cross

1 shares?

2 A. There are no preferred shares, and there's no debt  
3 related to those preferred shares.

4 Q. Okay. All right. Well, so if there is an eight-million-  
5 dollar value placed on Goodman Networks' consolidated  
6 financial statement for Class E preferred units of Goodman  
7 Telecom Holdings, LLC, you have no knowledge of that?

8 A. I do have knowledge of the historical transaction you're  
9 talking about, but they hold common shares in the company.  
10 There is no -- there are not any preferred E shares.

11 MR. HILLYER: Can I have a second, Your Honor?

12 I apologize, Your Honor. I had to have somebody  
13 explain to me "preferred units" and what this denotes, with my  
14 limited ability to read financial statements.

15 Q. Are those put options, Mr. Goodman, for the Goodman  
16 Telecom Holdings, and have they been called by the debtor?

17 A. There are no options. It was a put right by the company  
18 to put it personally to me, but there are no options. That  
19 was -- that's actually equity or stock that the company held.  
20 And back in 2020, I purchased the Telecom division for forty-  
21 two million dollars, in which I paid thirty-three million in  
22 cash. The company held an eight-million-dollar note which was  
23 later converted. As we converted to a C-corp, it was  
24 converted to common shares, just as the rest of the  
25 independent shareholders converted to all common shares.



John Goodman - Cross

1 Q. Thank you. I was simply asking for the purpose of  
2 determining what entities you control or do not control and  
3 their relationship.

4 MR. HILLYER: I believe that's all I have, Your  
5 Honor. Thank you.

6 THE COURT: All righty. Thank you, Mr. Hillyer.

7 All righty. Ms. Sixkiller, any cross-examination for  
8 Mr. Goodman?

9 MS. SIXKILLER: Your Honor, Ryan Sullivan is actually  
10 going to ask those questions for us.

11 THE COURT: All righty.

12 MR. SULLIVAN: I have about an hour-and-a-half of  
13 questions. No, I don't.

14 THE WITNESS: Oh, great.

15 MR. SULLIVAN: I do not. I --

16 THE COURT: He's got jokes.

17 MR. SULLIVAN: I have three things I -- it's that  
18 time of day.

19 CROSS-EXAMINATION

20 BY MR. SULLIVAN:

21 Q. Mr. Goodman, I have three things I wanted to ask you, so  
22 I will try to be very brief.

23 A. Sure.

24 Q. Number one, have you been communicating with anyone, at  
25 any point, during today's hearing?



John Goodman - Cross

1 A. No.

2 Q. No chat, text, nothing like that?

3 A. I sent two texts -- or maybe three texts to David during  
4 the hearing.

5 Q. Okay.

6 A. It specifically said that I didn't agree with some of the  
7 way that the family was being characterized because I -- and  
8 that -- that a lot of the stuff that was in the creditor's  
9 petition is just factually wrong. I believe it was three  
10 texts. I'd have to look.

11 Q. Okay. And have you received any texts or other messages,  
12 other communications, at any point during this hearing?

13 A. No, I have not.

14 Q. Okay.

15 A. David and I -- I called David after the first break, and  
16 he said he could not advise me on anything, but I would be --  
17 I don't know if you call this testifying, but I would be --  
18 I'd be on at 2:15, so be prepared.

19 Q. Okay. Thank you. So that was topic number one. Topic  
20 number two, and you just alluded to this. I believe you  
21 testified a few times that you returned to Goodman Networks,  
22 Inc. at the request of the family. Did I hear that correctly?

23 A. That's correct.

24 Q. When you say that the family asked you to return, who  
25 specifically requested that you come back to Goodman Networks,



John Goodman - Cross

1 Inc.?

2 A. All four of the existing shareholders.

3 Q. And just to have things crystal clear, that would be  
4 James Goodman, Jonathan Goodman, Joseph Goodman, and Jason  
5 Goodman?

6 A. Yes, sir. That's correct.

7 Q. Okay. And did they all ask you all at once, or how did  
8 that request go?

9 A. No. Once my brother Jonathan decided that he wasn't the  
10 right person -- I don't want to say competent because that's  
11 the wrong word -- that he wasn't the right person because he  
12 hadn't been involved with the company, he recommended that I  
13 do it, because I had the most historical knowledge of the  
14 business, at least up until '19, not over the last couple of  
15 years. And the other brothers agreed and asked me if I would  
16 do it. I told them initially no, I didn't want to do it. I  
17 had too much going on. And I subsequently agreed to do it.

18 Q. Does this hearing make you second guess that decision?

19 A. Absolutely, it does.

20 Q. So --

21 A. I say that facetiously because I didn't realize it was  
22 going to take so much time. Dealing with a prepack in 2017 is  
23 totally different than what I -- what I feel like that I'm  
24 involved in now. It's something that I wasn't expecting,  
25 because I didn't have some of the historical knowledge that



John Goodman - Cross

1 has occurred over the last two years. So it's -- it's a lot  
2 different. It's taken up a significant amount of my time.

3 Q. Understood. Just to make sure I understood you  
4 correctly, so Jonathan Goodman asked you to return to the  
5 company, and then the other three Goodman brothers that we  
6 mentioned, they followed up that request and asked that you  
7 come back. Is that right?

8 A. Or -- no, Jonathan notified the brothers -- and I don't  
9 know what order or fashion -- that it wasn't the right thing  
10 for him to do. And I also don't remember the order or fashion  
11 that each of the brothers asked me to take on that role.  
12 So -- but it occurred something like that.

13 Q. Okay. And was this through phone conversations, in  
14 person, email, how did it take place?

15 A. I don't recall. Most of them probably would have been  
16 phone conversations. I'm not sure about email. I'd have to  
17 look.

18 Q. Okay. Thank you. That was number two. Third, final  
19 topic. I believe, if I heard correctly, you testified earlier  
20 that there were certain actions you believe could be taken  
21 with regard to the AMRR transaction to preserve creditor  
22 value. Did I hear that correctly?

23 A. I think I said something to that extent, not using your  
24 words exactly, but sure.

25 Q. And what actions were you referring to?



John Goodman - Cross

1 A. Well, first of all, I think you have to sit down and have  
2 a conversation with the other party, which, you know, once I  
3 was engaged, which I was involved in trying to get the other  
4 party to understand the severity of -- of the situation and  
5 the gravity of -- you know, of the debt that they owed. And I  
6 thought it had -- it needed to be done in the context of  
7 walking them through what -- what the response -- what their  
8 responsibilities were, what the responsibilities of the  
9 company was to the creditors, and why it was important for  
10 them to cooperate with, one, Goodman -- I mean, GNET ATC, I  
11 believe, is the debtor to -- is the creditor to AMRR. And  
12 because Goodman Networks is the parent company, while it was  
13 important for them to be transparent, to allow the company to  
14 enter into a forbearance agreement that would put controls and  
15 oversights into the business, and do it in a fashion and in a  
16 manner that didn't create conflict. And I thought that was  
17 the best approach.

18 Number two, I believe that you have to have understanding  
19 of that business and how it works and how the performance  
20 bonds work. That's a business you can't walk into and start  
21 to -- specifically because they're an OTC-traded company. If  
22 you start forcing a foreclosure on that company, I believe --  
23 this is my personal opinion -- they'll lose their performance  
24 bonds. They'll also -- because I believe somewhat of the  
25 majority of the work they're doing, or a lot of the work





John Goodman - Cross

1 they're doing is for Lockheed Martin. Then they'll lose their  
2 top-secret security clearance and then you could destroy the  
3 value of the business because it is a services company.

4 And based on my historical experience in the last twenty-  
5 five years, service companies have one-year contracts that are  
6 master service agreements. They can be cancelled for  
7 convenience. They can be cancelled for any reason. And they  
8 also sell products to customers.

9 And my personal opinion is that your customers don't want  
10 you involved in any type of litigation or lawsuits that's  
11 going to impact the work that you're doing for them, because  
12 if that happens, they deem you as a risk, and they'll find  
13 someone to replace you. So it's a very precarious situation.  
14 And if you want to preserve that value, you have to -- you  
15 have to tread lightly.

16 You also have to understand the business and the end  
17 customers. I've been doing this for twenty-five years, and  
18 it's -- you have -- you -- in my opinion, you need to be very  
19 careful on how you approach it and how you gain -- you get  
20 them to come along with you by explaining the severity and  
21 their fiduciary duties. Their fiduciary duties are to the --  
22 to GNET ATC and to its parent company. And GNET ATC and  
23 Multiband and Goodman Networks' fiduciary duties are to its  
24 creditors. And you've just got to get them to understand  
25 that. I don't think that Jim is a very sophisticated business



John Goodman - Cross

1 person, in my mind. So I just wanted to walk him through  
2 those steps.

3 Q. And when you say "Jim", you're referring to James Frinzi?

4 A. Yes, I'm sorry, James Frinzi; I've always called him Jim.

5 Q. Not a problem; just wanted to make sure we had a clear  
6 record there. So of those steps that you just talked about,  
7 to preserve creditor value with regard to the AMRR  
8 transaction, which of those have you undertaken so far?

9 A. Very quickly, we filed -- when I got engaged with  
10 Akerman, we filed a UCC. Per the credit agreement that I  
11 read, there -- AMRR was supposed to put in place a UCC to  
12 protect the interest of Goodman Networks. They did not do  
13 that. So I asked Akerman to put a UCC in place. I believe  
14 that it gets perfected December 23rd.

15 Then we put together a forbearance agreement that would  
16 have given Goodman Networks oversight to the company that  
17 would -- that would have put in an independent person, such as  
18 a CRO, to oversee all of the daily expenses, any cash that was  
19 being spent, and would have to approve any type of actions  
20 related to any sale of assets, any transfer of cash. They  
21 would have to abide by a budget put together by a potential  
22 CRO that was employed by Goodman, and they would have to  
23 report into Goodman Networks -- I don't remember if it was  
24 daily or weekly, but it was a very restrictive forbearance  
25 agreement that would ensure and preserve the value of that



John Goodman - Cross

1 business and give the company complete transparency and  
2 oversight.

3 We also required a -- a waiver fee, and that was -- those  
4 were the first actions we had taken. I continue to  
5 communicate with Jim, at least attempted to communicate, I  
6 should say, with James Frinzi, on a regular basis to try to  
7 get him to understand the severity of what was going on.

8 Q. And when you say you attempted to communicate with Mr.  
9 Frinzi, could you elaborate on that, please?

10 A. Sometimes he would take my calls, sometimes he would  
11 meet, sometimes he wouldn't. The closer that -- I think the  
12 more that -- the closer that we got to trying to get the  
13 forbearance signed, the more withdrawn he became and the less  
14 he communicated, and eventually quit communicating with me.

15 MR. SULLIVAN: Thank you very much, Mr. Goodman.  
16 I'll pass the witness.

17 THE COURT: All right. Thank you very much, Mr.  
18 Sullivan.

19 All righty. It's almost 4:15, and we probably need  
20 to figure out where we are in terms of time, and by any  
21 estimation, take a break.

22 But before I do that, let me see, Mr. Schaffer, do  
23 you have any questions of the witness?

24 MR. SCHAFFER: No, Your Honor, I do not.

25 THE COURT: All righty. Is there anyone else who has



John Goodman - Cross

1 any questions of the witness, any cross-examination?

2 All righty. How much redirect do you have?

3 MR. PARHAM: Very little. Very little.

4 THE COURT: All right. I'll allow you to redirect so  
5 that Mr. Goodman can step down from the proverbial stand, and  
6 then we can talk about what else we have in terms of time.

7 Thank you, Mr. Parham.

8 REDIRECT EXAMINATION

9 BY MR. PARHAM:

10 Q. Mr. Goodman, very simply, earlier on -- and I just  
11 have --

12 MR. PARHAM: I'm sorry, I get disoriented looking at  
13 the screen when I get one of the speakers instead of the  
14 witness.

15 Q. Earlier on you had said you wanted to speak to something.  
16 I believe it was during Mr. Silverstein's questioning. Do you  
17 recall what that was?

18 A. Yes, sir. It's a litany of items, not just to Mr.  
19 Silverstein's comments just but -- a few of those, but also in  
20 general, just the original petitioning creditor's response.

21 I --

22 MR. SILVERSTEIN: Your Honor, objection. Is this a  
23 question?

24 MR. PARHAM: Yes, Your Honor, I object as well.

25 THE WITNESS: No, I'm answering --



John Goodman - Redirect

1 MR. PARHAM: I object, Your Honor, as well.

2 THE WITNESS: I'm answering --

3 MR. SILVERSTEIN: Hold on, Mr. Goodman.

4 THE COURT: Mr. Goodman, we have a number of  
5 objections, so I'm going to let Mr. Silverstein go first.

6 MR. SILVERSTEIN: Objection. I don't think that's a  
7 question.

8 THE COURT: Okay.

9 MR. SILVERSTEIN: The question was do you have  
10 anything to say, and that's not a question.

11 THE COURT: Okay.

12 MR. RUKAVINA: I join that as well, Your Honor. He's  
13 not allowed to testify by narrative. This is question and  
14 answer.

15 THE COURT: Okay.

16 MR. PARHAM: Yeah, I'll withdraw the question, Your  
17 Honor.

18 THE COURT: All righty, Mr. Parham.

19 Q. And so earlier I think you said you had texted over what  
20 you conceived as misstatements. I believe you were listening  
21 during the direct because you were -- oh, not -- I'm sorry,  
22 not during the direct, but during the opening statements this  
23 morning. Is that correct?

24 A. That's correct.

25 Q. Yeah, and you basically disengaged once the testimony



John Goodman - Redirect

1 started, per the Court's instruction, correct?

2 A. That is correct.

3 Q. Okay. And so with respect to the comments regarding the  
4 Goodman family that you took issue with, did any of those  
5 issues relate to statements regarding how much money had been  
6 paid, for example, to the Goodman family?

7 A. Yes.

8 Q. Okay. And can you tell us what it was about that that  
9 caused you concern or that you thought was incorrect.

10 MR. SILVERSTEIN: Objection, Your Honor. Beyond --

11 Q. I'm sorry, that you thought was incorrect.

12 MR. SILVERSTEIN: Objection, Your Honor. Beyond the  
13 scope of direct or cross.

14 MR. RUKAVINA: I'll join that again, Your Honor.  
15 He's rebutting on opening statement. That's not rebuttable.  
16 It's not evidence.

17 THE COURT: I'm going to overrule the objections  
18 because Mr. Sullivan specifically asked him what did you text  
19 about, and he explained what he texted about, and now Mr.  
20 Parham is further exploring those text communications in Mr.  
21 Goodman's prior testimony. So I'm going to allow it,  
22 although, again, I'm going to encourage you, given kind of  
23 where we are -- I mean, if you believe this part of the  
24 testimony is crucial to the case on the standing and the  
25 corporate authority to file --



Colloquy

1 MR. PARHAM: Your Honor, actually, what I would --  
2 I'm going to withdraw the question --

3 THE COURT: Okay.

4 MR. PARHAM: -- because I don't want to start yet  
5 another round of questions. And I think that it's better  
6 reserved for the next time we come back because I think it  
7 really goes to those issues.

8 THE COURT: Okay. Thank you, Mr. Parham. I can't  
9 say I disagree with you there.

10 All righty, Mr. Goodman, thank you very, very much  
11 for your testimony. And you may step down from the stand.

12 THE WITNESS: Thank you.

13 THE COURT: Your welcome.

14 All righty. So what do we have further, ladies and  
15 gentlemen, in terms of evidence?

16 I'll first go to the debtor. Any further evidence  
17 today?

18 MR. PARHAM: No, Your Honor.

19 THE COURT: Okay. All righty. And is there anyone  
20 else who has any further evidence?

21 MR. RUKAVINA: Your Honor, the trustee does not, and  
22 I expect my part of closing to take between ten and fifteen  
23 minutes.

24 THE COURT: Okay. I'll come back to you, Mr. Parham.  
25 Does anyone on the phone, any of the petitioning



Colloquy

1 creditors, or FedEx, et cetera, have any further evidence?

2 MR. LANGLEY: Yes, Your Honor. We would ask that our  
3 exhibits that we identified -- let me go through those and  
4 make sure we're correct, because I hadn't separated them out  
5 between the two hearings.

6 But we would move for Exhibit 4, which is the  
7 debtor's asset spreadsheet, which were produced by Akerman on  
8 behalf of the debtor, we'd ask that that be entered into the  
9 record. That was the spreadsheet that I referred to at the  
10 opening statement.

11 THE COURT: Any objection to the admission of FedEx's  
12 Exhibit 4?

13 MR. PARHAM: Give me just one second, Your Honor.

14 THE COURT: Of course. And that exhibit can also be  
15 found at docket 147-4.

16 MR. PARHAM: Your Honor, again, I think it goes to  
17 the next hearing. But I don't think it goes to this hearing.

18 THE COURT: Okay.

19 MR. PARHAM: And so I do object. I think the fact  
20 that he referenced it in opening statement is not grounds for  
21 admission.

22 THE COURT: Let's get to the mic.

23 MR. PARHAM: I'm sorry. I think the fact that it may  
24 have been referenced in an opening statement is not grounds,  
25 in itself, for admission. I think this is a document that





Colloquy

1 actually goes to the next hearing.

2 THE COURT: Okay. Mr. Langley?

3 MR. SILVERSTEIN: Your Honor, it's -- I'm sorry.

4 MR. LANGLEY: Yes, Your Honor. So one of the  
5 arguments that we will put forward is that this debtor and its  
6 management is hopelessly compromised from making any  
7 independent decision, including its own converting to a  
8 Chapter 11. And I think this is critical to being able to  
9 have that as part of our evidence.

10 THE COURT: Okay. And we'll cover that at a later  
11 hearing. Again, so what I'm talking about today -- so again,  
12 in case I was unclear earlier, which I may well have been, is  
13 today what we are -- and I know openings went to both cases,  
14 but today what I am intending to close evidence on is any  
15 argument with respect to standing and any argument with  
16 respect to the debtor's authority to seek to convert at this  
17 juncture.

18 Anything that deals with futility, cause for  
19 converting or not converting to Chapter 11, things that you  
20 guys have raised, in terms of fraudulent conveyances and who  
21 is more appropriate to control these proceedings, that will be  
22 a decision for another day, and I am going to allow for the  
23 parties to take the discovery that they requested.

24 And so that's essentially the way I plan on handling  
25 this to satisfy, A, the creditors' due process concern, and B,



Colloquy

1 the lack of service on a matrix in this case.

2 So what I'd ask you to do is take a look at those  
3 exhibits that you believe go to the issues that are before the  
4 Court just for today's ruling.

5 MR. SILVERSTEIN: Your Honor, just to clarify, so I'm  
6 assuming that the issue that's before the Court today is  
7 whether or not the debtor had corporate authority to move  
8 under Section 706(a) of the Bankruptcy Code, in essence; is  
9 that what's before the Court?

10 THE COURT: Yes, it's each of -- it's the arguments  
11 that primarily your clients and FedEx and the trustee have  
12 laid out in terms of C.W. Mining, the 706 absolute right, and  
13 in addition to corporate authority issues that were laid out  
14 by the trustee as well.

15 MR. SILVERSTEIN: Well, but are we talking about the  
16 absolute unconditional right or the absolute right as well, or  
17 are we talking about standing, because, I mean, they're two  
18 separate issues. One is corporate authority; the other one is  
19 the Supreme Court case law on the McBride (ph.) and --

20 THE COURT: Right. We are --

21 MR. SILVERSTEIN: -- the other --

22 THE COURT: -- not today going to reach, essentially,  
23 the issue of the, let's just say, the Marrama decision as to  
24 what else to consider -- if 706(a) does give an absolute  
25 right, then is it absolute but with cause, the exceptional



Colloquy

1 circumstances and extremes, all of that. We're not reaching  
2 that today. That's what you're going to get, A) your right to  
3 discovery on, and B) we're going to have a broader service on  
4 the motion to convert at that point.

5 MR. SILVERSTEIN: Thank you. So if the Court finds  
6 that there's no -- that there's no standing, then we're done?

7 THE COURT: Yep, if the Court were to so find, yes.

8 MR. SILVERSTEIN: Got it. Thank you.

9 THE COURT: You're welcome.

10 All right, sir.

11 MR. LANGLEY: Your Honor?

12 THE COURT: Mr. Langley, your exhibits?

13 MR. LANGLEY: Yes. With that in mind, and I thank  
14 you for the clarification, because I had briefly stepped out  
15 on a family emergency --

16 THE COURT: Oh, I'm sorry to hear that.

17 MR. LANGLEY: -- and I missed when you said that.

18 No, no, it's okay.

19 The only other exhibit that I think we do need  
20 entered is the Konicov deposition that was done under a  
21 30(b)(6) for CFGI Networks and GNET. We would ask that that  
22 be introduced under Rule 30 -- again, let me get back -- Rule  
23 30(a)(3) as evidence on behalf.

24 MR. KLEINSASSER: I object to that, Your Honor. I  
25 think it's actually 32(a)(3). And if you look at the rule,



Colloquy

1 and I didn't want to -- I didn't want to belabor this point  
2 earlier, because I understood the Court was simply allowing  
3 counsel to argue, to use essentially what the testimony before  
4 me was as argument, and obviously, that was a limited purpose.  
5 But if you look at 32(a)(3) is sort of -- you have to meet  
6 32(a)(1) first.

7 If you look at 32(a)(1), you can use the deposition  
8 if the party was present or had notice of it. If it would be  
9 admissible under Federal Rules of Evidence, if the deponent  
10 were present and testifying, and if the use is allowed by  
11 32(a)(2) through (8). So the mere fact that you meet (a)(3)  
12 doesn't entitle you to get it in on its own. You still have  
13 to meet (a)(1).

14 And the problem that I've got with this is even if  
15 it's not hearsay, if you look at 32(a)(1)(B), there's no  
16 cross-examination there. And if the deponent were present, if  
17 Howard -- I'm going to mess his last name so I won't try it  
18 here, but if he were present and testifying, there would have  
19 been a right for cross-examination or clarification by  
20 debtor's counsel or whatever you want to term it, and that  
21 just didn't happen here.

22 So I also, frankly, just don't think it's super  
23 germane to the whole issue of standing. I think it really  
24 goes more to the issue of bad faith. But regardless, if they  
25 want to offer it for that purpose, I just think it's -- I



Colloquy

1 think it's inadmissible under 32(a)(1)(B).

2 THE COURT: Okay. Thank you very much.

3 MR. PARHAM: Yeah, we would join in that objection.

4 I'm sorry, Your Honor. We would join in that objection. And  
5 I would just note that the purpose of that discovery was to  
6 determine the qualifications of the various petitioners.  
7 They've expanded that as part of a investigation into  
8 transactions today but that wasn't the scope. The scope was  
9 supposed to be about the petitioners' qualifying. But okay,  
10 even if it has been expanded, the fact is that that would go  
11 to the second prong, the next trial we're going to have. It's  
12 really more an issue of cause, not standing when you -- was  
13 the purpose of that deposition.

14 So I would join in Mr. Kleinsasser's objections for  
15 the reason that there was no cross-examination or reason to  
16 clarify, but I also think that the vast majority of that  
17 deposition, which apparently is being offered en masse as  
18 opposed to any particular Q and A goes to, again, issues other  
19 than standing and corporate authority.

20 THE COURT: All right. Thank you very much, Mr.  
21 Parham.

22 Mr. Langley, the one question I think that the Court  
23 has is -- and obviously I don't have a tendency to admit  
24 entire transcripts. If you want to point me to an excerpt to  
25 any particular portion of the transcript that is germane to



Colloquy

1 what is happening today, I'm happy to take a look at it and  
2 look -- and see if it should be allowed. Because although I  
3 don't disagree with the debtor and Mr. Kleinsasser that this  
4 is, in effect, a partial deposition that the deposition was  
5 discontinued. I'm just not sure, as I sit here today, to  
6 figure out if there's anything in here that was important  
7 enough to the issues that we've talked about.

8 MR. LANGLEY: Yes, Your Honor. And I can point you  
9 to it.

10 THE COURT: Okay.

11 MR. LANGLEY: There are quite a bit, actually. Let  
12 me start you with page 47, line 15. There was Mr. Konicov is  
13 being asked about a admin individual he referred to, and he  
14 identifies her name as Samantha Sondrup.

15 THE COURT: Okay.

16 MR. LANGLEY: Spells it out, and then talks about her  
17 role. That is specifically an issue here, because the  
18 derivative of all authority for the debtor's motion to convert  
19 arrives from Ms. Sondrup acting as chief of staff -- not as  
20 officer, not as director, but as this admin individual to  
21 authorize the entire position that the debtor has asserted  
22 today.

23 So we would assert that that is extremely relevant.  
24 We haven't had an opportunity to call Ms. Sondrup. She's not  
25 available. We, on a shortened notice like this, we couldn't



Colloquy

1 get a subpoena out to her. So I think this is relevant. It  
2 was admission from the debtor's 30(b)(6). I think it's very  
3 relevant.

4 THE COURT: Which -- so as I understand it, this  
5 entity -- so Howard Konicov works for whom?

6 MR. LANGLEY: Howard Konicov works for CFGI, Inc. --

7 THE COURT: Okay.

8 MR. LANGLEY: -- who was designated by the debtor, by  
9 GNET and by CFGI to three separate subpoenas -- or excuse  
10 me -- subpoena to GNET and CFGI, but to a 30(b)(6) of the  
11 debtor, and he was designated and represented by the same  
12 counsel at that deposition. So he was speaking on behalf of  
13 those three entities.

14 MR. RUKAVINA: Your Honor, may I again reiterate what  
15 I said during opening? This is a corporate deposition of the  
16 debtor taken before Mr. Seidel came in. Mr. Seidel now  
17 controls this corporate deposition as far as evidentiary  
18 issues go.

19 What Mr. Langley is saying, Mr. Langley is taking the  
20 position that is adverse to the estate, adverse to the debtor.  
21 Mr. Seidel controls that. Mr. Seidel wants this transcript  
22 in. I just -- and maybe I'm being too simplistic about it,  
23 Your Honor, but I don't understand how the debtor here has any  
24 say as to whether this testimony of the debtor's corporate  
25 representative is admissible in light of Mr. Seidel



Colloquy

1 controlling any and all things that the debtor can or cannot  
2 speak to.

3 THE COURT: Who represented this deponent for  
4 purposes of the deposition?

5 MR. PARHAM: Your Honor, we represented --

6 MR. LANGLEY: Ackerman did.

7 THE COURT: Mr. Parham?

8 MR. PARHAM: We represented him.

9 THE COURT: Okay.

10 MR. PARHAM: We presented the witnesses on the  
11 30(b)(6).

12 THE COURT: Okay.

13 MR. PARHAM: If I could just respond to --

14 THE COURT: Please.

15 MR. PARHAM: -- to Mr. -- to counsel's argument?

16 If we have standing to pursue the motion to convert,  
17 then -- and that obviously is an issue the Court's going to  
18 decide -- that if we have standing to do that, we certainly  
19 have standing in the hearing to make objections. I mean, it's  
20 almost -- it seems obvious that if we can conduct the hearing,  
21 we at least control the objections that we make. That would  
22 be the only comment there.

23 THE COURT: All right. Thank you very much, Mr.  
24 Parham.

25 Okay. What other portions of the deposition go to





Colloquy

1 the issues that we're hearing today? Mr. Langley?

2 MR. LANGLEY: Yes, Your Honor. I would refer you to  
3 page 50 starting at line 22. And this is a series of pages  
4 that go in to discuss the board and who is operating this  
5 debtor. And Mr. Konicov testified,

6 "Q. You never walked in a board meeting?

7 "A. No, no, no.

8 "Q. Are you aware of any board meetings ever taking place?

9 "A. During my retention?

10 And he says,

11 "Q. Yes.

12 And the answer is,

13 "A. During my involvement? I'm not aware of any board  
14 meetings ever [having taken] place.

15 "Q. Have you see any minutes of ... GNET ATC?

16 "A. None.

17 "Q. Switching to Goodman Networks" --

18 It goes through the same thing.

19 We continue on to page 52 and it's, no, I have not seen a  
20 board meeting. No, there hasn't been any financial analysis  
21 presented to a board. Are there any minutes of Goodman  
22 Networks? No.

23 I would suggest that whole line of questioning there from  
24 page 50, line 22, to page 52, at least through line 25  
25 continue -- excuse me, continue on to the page 53, line 2.



Colloquy

1 THE COURT: Okay.

2 MR. LANGLEY: It's, again, very important. If the  
3 debtor was not authorized through a board meeting, we don't  
4 understand how they had authority to file the motion to  
5 convert, or even contest these joinders that were at issue  
6 throughout this involuntary case.

7 THE COURT: All righty.

8 MR. LANGLEY: So I then would turn you to -- but  
9 turning to page 80 and starting at line 10. And this was an  
10 interjection into a discussion on whether there is sufficient  
11 documentation at this company for a lot of the activities that  
12 were taken. And he's --

13 THE COURT: Yeah, well, that's not -- that's not  
14 fodder for today's hearing. We can -- move to your next. I  
15 mean, when we're talking about movement of money, signing of  
16 contracts, if it was important to what we really focused on  
17 today, which is the consulting agreement, the retention  
18 agreement, and the shareholders' written consent -- and again,  
19 obviously, anything else that deals with the standing issues,  
20 but this seems to go to a different issue.

21 MR. LANGLEY: Okay. Your Honor. And I mean, the  
22 reason we were going to present that is that there was, of  
23 course, a dealing throughout many transactions, not just the  
24 employment agreements at stake, but I'll move on from that.

25 THE COURT: Appreciate it.



Colloquy

1 MR. LANGLEY: Your Honor, with those two issues, I  
2 would say Ms. Sondrup's -- the testimony about Ms. Sondrup and  
3 the testimony about there not being any board minutes -- any  
4 board testimony -- we would limit our production of this  
5 Konicov deposition.

6 THE COURT: All right. Thank you very much, Mr.  
7 Langley.

8 The Court is going to both sustain in part and deny  
9 in part the objection to the use of the deposition. I do  
10 believe that the debtor has had an ample opportunity to  
11 essentially address the issues of what I'll loosely will call  
12 corporate authority regarding the documents that we discussed,  
13 and ample opportunity to present any evidence as to the  
14 authority, I guess, of Ms. Sondrup at the time that the  
15 consulting agreement was entered into with Goodman MBE to  
16 prove up that authority.

17 And again, I'm going to allow these two excerpts,  
18 namely the excerpts beginning at page 47 and the excerpt  
19 beginning at page 50 through 53, I'm going to allow those and  
20 admit those into evidence, and that'll be, again, a portion of  
21 FedEx's Exhibit 7.

22 If you could mute that line, Ms. Jeng, I appreciate  
23 it.

24 THE CLERK: Um-hum.

25 THE COURT: Any other exhibits, Mr. Langley?



Colloquy

1 MR. LANGLEY: No, Your Honor.

2 THE COURT: All righty. So anyone else have any  
3 exhibits or evidence?

4 All right. With that, I'm going to quickly take time  
5 estimates on closing, and -- so that I can ascertain if we're  
6 able to close today. All righty.

7 Mr. Rukavina, you said ten to fifteen minutes?

8 MR. RUKAVINA: Correct, Your Honor.

9 THE COURT: All righty.

10 Mr. Silverstein?

11 MR. SILVERSTEIN: Five minutes, Your Honor.

12 THE COURT: Thank you.

13 Mr. Langley?

14 MR. LANGLEY: Yes, Your Honor. Ten to fifteen  
15 minutes should be sufficient.

16 THE COURT: All righty. Thank you.

17 Ms. Sixkiller or Mr. Sullivan?

18 MS. SIXKILLER: Your Honor, I anticipate we'll mostly  
19 be joining in with the closing arguments. At most, we'll have  
20 five minutes.

21 THE COURT: All righty. Appreciate it.

22 Mr. Schaffer?

23 MR. SCHAFFER: At this point, I don't think I have  
24 anything I could add, Your Honor.

25 THE COURT: I appreciate that, Mr. Schaffer. Thank



Colloquy

1 you for letting me know.

2 Ms. LaManna, if you're still on?

3 All righty.

4 And Mr. Parham?

5 MR. PARHAM: Your Honor, I think ten minutes -- ten  
6 to fifteen minutes.

7 THE COURT: Ten minutes. All righty. So that's  
8 closing and one hour.

9 All righty. It is -- it's about 4:37. We're going  
10 to take a break until about 4:45, and I'll come back and I'll  
11 let you know -- obviously, I need to consult with my staff, we  
12 need to consult with the marshals and what so, to see what we  
13 got time for. All righty.

14 THE CLERK: All rise.

15 (Recess from 4:37 p.m. until 4:47 p.m.)

16 THE CLERK: All rise.

17 THE COURT: Please be seated.

18 Thank you very much, ladies and gentlemen. We're  
19 going to go back on the record in case number 22-31641.

20 All righty. Unfortunately, we can't go past 5 today.  
21 We don't have sufficient coverage today. We do have  
22 availability tomorrow. And again, if folks want to be live,  
23 they're welcome to come live, but I also will take Webex  
24 appearances including if you appeared live today but you want  
25 to appear Webex for the closing.



Colloquy

1 We have an opening -- we have availability tomorrow  
2 at either 11 or at 2. And then if that's not available, we  
3 also have availability Thursday late afternoon. We just have  
4 a busy week this week.

5 So I'll put out tomorrow just to keep ourselves  
6 consistent to where we are.

7 Is there anyone or any preference for 11 or 2  
8 tomorrow or any conflicts to be aware of?

9 MR. RUKAVINA: Your Honor, I would -- I would urge --

10 THE COURT: I can hear you.

11 MR. RUKAVINA: I would urge --

12 THE COURT: I don't know what she thinks, but I can  
13 hear you.

14 MR. RUKAVINA: Okay. I am a little loud.

15 Your Honor, I would urge that it be tomorrow at 11.

16 We must remember that the trustee is the trustee, whether he's  
17 interim or not, with an ongoing estate. So the sooner that he  
18 knows whether he's going to be a trustee or not, the better.

19 And with Christmas and New Year's coming up, and  
20 Chanukah, I would suggest that we get this done as soon as  
21 possible.

22 THE COURT: Okay. Thank you, Mr. Rukavina.

23 Mr. Parham?

24 MR. PARHAM: Okay. If everybody wants to do 11, I  
25 can do 11, but my preference would be 2 --



Colloquy

1 THE COURT: Okay.

2 MR. PARHAM: -- just because I have some other stuff  
3 in the morning I have to move.

4 THE COURT: Okay. Thank you, Mr. Parham.

5 MR. RUKAVINA: And Your Honor, Mr. Seidel has 341s in  
6 the afternoon.

7 THE COURT: Okay. Thank you.

8 Ms. Sixkiller?

9 MS. SIXKILLER: Your Honor, both Ryan Sullivan and I  
10 are available any time tomorrow.

11 THE COURT: Okay. Thank you.

12 Mr. Silverstein?

13 MR. SILVERSTEIN: That's the closing argument we're  
14 talking about now? I missed the beginning.

15 THE COURT: Yes. Closing argument, availability for  
16 tomorrow, 11 or 2. We can't do it this evening.

17 MR. SILVERSTEIN: Whenever you want.

18 THE COURT: Okay. Thank you.

19 Mr. Langley?

20 MR. LANGLEY: We can accommodate the other parties  
21 around their schedules.

22 THE COURT: All righty.

23 And I think Mr. Schaffer said he wouldn't have any.

24 Am I missing anyone? I don't think so.

25 Mr. Parham, Mr. Rukavina, why don't you all take a



Colloquy

1 moment and see if there is a time you all can agree upon  
2 tomorrow. I don't -- I prefer --

3 MR. PARHAM: Your Honor, we'll do 11.

4 THE COURT: You can do 11?

5 MR. PARHAM: If that works on the Court's, I can do  
6 my stuff in the --

7 THE COURT: Okay. Well, let me take one more look at  
8 the calendar and see if there's -- those are the two times  
9 that -- I think Ms. Harden is listening.

10 Ms. Harden, is -- what time are your 341s, Mr.  
11 Seidel?

12 MR. SEIDEL: We have a continued meeting of creditors  
13 at 2:30. We sent a notice out to them.

14 THE COURT: So 2:30. Okay. All righty.

15 MR. SILVERSTEIN: Your Honor, are we talking about an  
16 hour, and this is solely on standing again right?

17 THE COURT: We are talking about an hour. It would  
18 be the first time folks have ever made a time estimate in  
19 their lives, but we are talking about one hour. I can't wait  
20 to hold you to your five minutes.

21 MR. SILVERSTEIN: I'll take that back.

22 THE COURT: Just one moment. Let me see if I can  
23 look at the calendar and -- my entire staff is laughing at me,  
24 or the thought of me looking at the calendar and knowing what  
25 to do with it. Just one moment.





Colloquy

1           Laughing out loud is rude, Ms. Jeng. It's just rude.

2           I just want to let you know.

3           THE CLERK: I'm sorry.

4           THE COURT: All righty.

5           So the only thing that I could do to accommodate is  
6           to move it later in the day, and I think we'll wind up with  
7           the same kind of problem. So unfortunately I think 11 o'clock  
8           is probably our best bet. I apologize if that'll require you  
9           to move some things around, Mr. Parham.

10          All right. So we will continue this to 11 a.m.  
11          tomorrow, Mr. -- is that Mr. Nelms?

12          MR. NELMS: Your Honor, Russell Nelms.

13          May I appear electronically tomorrow?

14          THE COURT: Of course.

15          MR. NELMS: I'm trying to get in to see an orthopedic  
16          doctor for a month now. So tomorrow is my appointment.

17          THE COURT: Okay. Will 11 still accommodate you?

18          MR. NELMS: Yes, I think so.

19          THE COURT: Okay.

20          MR. NELMS: But I'll be just be getting back. It's  
21          in Fort Worth.

22          THE COURT: Okay. No, no, no. Absolutely electronic  
23          appearance. And again, even if you want to appear by phone on  
24          Webex if that's more accommodating.

25          MR. NELMS: Thank you.



Colloquy

1 THE COURT: All righty. So we'll continue it to  
2 tomorrow, 11 a.m. for closing arguments, again, on the limited  
3 issues relative as we've been talking about to standing and  
4 corporate authority. All righty?

5 MR. PARHAM: Your Honor, tomorrow, could we also  
6 discuss -- I'm sorry. Tomorrow, could we also discuss when we  
7 would come back on the second case -- on the second half of  
8 this, assuming that you find standing. Obviously, if you  
9 don't find that we have standing to pursue, then the  
10 ballgame's over as, I think, Mr. Silverstein said. But I  
11 would like to get a date, because we want to get back on it as  
12 soon as we possibly can for the second half of this before the  
13 train gets too far down the road --

14 THE COURT: Right.

15 MR. PARHAM: -- and it's rendered.

16 THE COURT: Here's where we are, and I think this is  
17 a good time.

18 I believe that in either event, I may not be ready to  
19 rule tomorrow, okay. I intend to probably do a bench trial  
20 ruling, and I don't plan on taking a great deal of time in  
21 ruling, but I'm not necessarily -- I'm not necessarily sure as  
22 I sit here today that I can -- that I'd be ready to rule at  
23 noon or at 12:30 just --

24 MR. PARHAM: Sure.

25 THE COURT: -- looking at what the docket looks like



Colloquy

1 and what so. So I think that if the parties would start to  
2 discuss -- because that no matter what, we'll need to get the  
3 clock going like you said.

4 MR. PARHAM: That's my point.

5 THE COURT: Allow you to fully notice out that motion  
6 to creditors, and just allow folks to start looking at the  
7 calendar assuming that where we go is the ability to have  
8 further discovery on the motion to convert.

9 And so with that, I would say that -- well, I'm not  
10 going to put words in the parties' mouths of when they want to  
11 start looking at time, but I'm assuming that's going to be  
12 something like January 9 or January 16. I recognize that puts  
13 a of time in between now and the next hearing. I also  
14 recognize that the 341 meeting would be January 10th. But --  
15 so I'm going to allow the parties if they could talk before 11  
16 or right before the hearing before they ask the follow-up  
17 hearing date.

18 MR. PARHAM: Okay. Great. Thank you.

19 THE COURT: All righty?

20 MR. RUKAVINA: Your Honor, I just want to  
21 respectfully remind everyone so that no one forgets, that we  
22 are in a Chapter 7 case. That means not a penny goes out the  
23 door. We've been assured by the debtor that not a penny will  
24 go out the door. That means funds start getting to the  
25 trustee, it means records are preserved, all that stuff. So I



Colloquy

1 just want to make it clear that unless and until the trustee  
2 is temporarily excused from his duties, which I'm not  
3 suggesting he be, and I don't know how he would do that, let's  
4 not forget that the hope of a Chapter 11 doesn't mean that  
5 right now and until January 4 through January 10th, January  
6 16, we are in a Chapter 7. The trustee will hold people to  
7 their obligations. I say that with full respect and knowing  
8 that the professionals will do that, but just to remind  
9 everyone that this ain't no Chapter 11, this ain't no 363(b).  
10 This is a -- everything is shut down. The lights are off.  
11 Give everything to the trustee.

12 THE COURT: I appreciate that, Mr. Rukavina, but I --  
13 here's what I want to say, and this is in part for your  
14 benefit, because obviously Mr. Seidel was only recently  
15 appointed until you only recently joined our party.

16 This has been going on for quite a period of time,  
17 and there's been a lot said here today with respect to  
18 corporate authority. And I will definitely hear closing  
19 arguments tomorrow, and I'm not pre-judging the matter, okay.  
20 If I was going to pre-judge it, we wouldn't need closing  
21 arguments.

22 But what I'll tell you was this, there was an issue  
23 with the filing of the motion to convert and the order for  
24 relief and to a certain extent, they were ships in the night,  
25 okay. And certain of it was based on the communications,



Colloquy

1 because I've said this in open court previously. There was a  
2 communication by the debtors that they no longer, okay, excuse  
3 me, intended to pursue the motion to dismiss, and at that  
4 point the Court entered the order for relief knowing that  
5 there was a motion to convert coming.

6 So I'll be completely candid with all of the parties  
7 if you haven't read my face, the fact of something happening  
8 twenty minutes before the other thing, is not going to move  
9 the needle with me, okay, because I knew the motion to convert  
10 was coming, and the Court entered the order for relief. On  
11 the basis of an order to convert from 7 to 11, you're going to  
12 be in a 7, okay. And so I recognize I've read your Basin  
13 (ph.) case, and whether or not there is some import to be put  
14 on it, we'll look at that in due course. But I can tell you  
15 now that the twenty-minute argument doesn't move the needle  
16 for me, okay.

17 Now, with that said, whether I believe that this  
18 debtor should stay in a Chapter 7 until we can get to that  
19 hearing, that'll be part of the Court's decision. But I do --  
20 I appreciate and -- one of the issues of getting to this 19th,  
21 was not wanting to waste Mr. Seidel or any other Chapter 7  
22 trustee's time.

23 I recognize that time is a-ticking and there's a  
24 whole lot for a Chapter 7 trustee to do in the early stages.  
25 And I also recognize that we've got a 341 meeting coming up on



Colloquy

1 the 10th.

2 So the Court will attempt to work quickly towards a  
3 bench ruling, and whenever the parties are ready for the next  
4 hearing. So be it -- but again, I'm trying to accommodate two  
5 things.

6 Number one, the service issue you raised, which is a  
7 good one. And number two, the due process and discovery  
8 issues that the original petitioning creditors, AARIS and  
9 FedEx, respectfully beat me over the head with.

10 So with that said, I will see you guys tomorrow live  
11 or virtually at 11 a.m. for closing arguments.

12 MR. RUKAVINA: And just to remind everyone again,  
13 being new to the party, the trustee is waiving the privilege.  
14 So as far as anything having to do with the involuntary and  
15 the motion to convert goes. So hopefully, there will be no  
16 more issues on that.

17 THE COURT: Thank you, Mr. Rukavina.

18 Anything further, ladies and gentlemen?

19 All right. Thank you very much for your time. Thank  
20 you for your papers and for your presentations today, and  
21 thank you very much to both of the witnesses that testified.  
22 See you guys tomorrow.

23 THE CLERK: All rise.

24 THE COURT: We are adjourned for the day.

25 UNIDENTIFIED SPEAKER: Thank you, Your Honor.



Colloquy

1 THE COURT: You're welcome.

2 (Whereupon these proceedings were concluded at 5:00 p.m.)

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25



Colloquy

1 I N D E X

2

3	WITNESSES:	DIRECT	CROSS	REDIRECT	RECROSS
3	FOR THE DEBTOR:				
3	Russell Nelms	66	103,78,121,134,143	143	
4	John Goodman	146	152,192,198,212	220	

5

6	EXHIBITS:				
6	No.	Description	Marked	Admitted	
6	DEBTOR'S:				
7	3	Russell Nelms Engagement Letter		69	
7	1	Written Consent of Voting		77	
8	CREDITOR'S:				
8	8	Consulting Agreement		127	
9		Shareholders			
9	TRUSTEE'S:				
10	TA	December 10 Email Sent by Russell Nelms		88	
11	TB	Shareholder Agreement	156		
11	TC	11/4/22 email between John Goodman and Stephanie Elmore		168	
12					

13

14	RULINGS:	PAGE	LINE
14	Excerpts from Howard Konicov	235	8
14	deposition admitted as a portion of		
15	FedEx Exhibit 7		

16

17

18

19

20

21

22

23

24

25





1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C E R T I F I C A T I O N

I, Krystal B. Parrish, the court approved  
transcriber, do hereby certify the foregoing is a true and  
correct transcript from the official electronic sound  
recording of the proceedings in the above-entitled matter.

Krystal B. Parrish  
KRYSTAL B. PARRISH

December 28, 2022  
\_\_\_\_\_  
DATE

